

*Government that Works!*

**NEW JERSEY DEPARTMENT OF THE TREASURY**

**LOCAL GOVERNMENT BUDGET REVIEW**

**TOWNSHIP OF HILLSIDE**

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**JULY 1998**



## **GOVERNMENT THAT WORKS**

### **OPPORTUNITIES FOR CHANGE**

#### ***The Report of the Township of Hillside New Jersey***

New Jerseyans deserve the best government their tax dollars can provide. Governor Whitman is committed to making State Government leaner, smarter and more responsive by bringing a common sense approach to the way government does business. It means taxpayers should get a dollar's worth of service for every dollar they send to government, whether it goes to Trenton, their local town hall or school board. Government on all levels must stop thinking that money is the solution to their problems and start examining how they spend the money they now have. It is time for government to do something different.

Of major concern is the rising cost of local government. There is no doubt that local government costs and the property taxes that pay for them have been rising steadily over the past decade. Prior to Governor Whitman taking office in 1994, the State had never worked as closely with towns to examine what is behind those costs. That is why she created the Local Government Budget Review (LGBR) program. Its mission is simple: to help local governments and school boards find savings and efficiencies without compromising the delivery of services to the public.

The LGBR utilizes an innovative approach combining the expertise of professionals primarily from the Departments of Treasury, Community Affairs and Education with team leaders who are experienced local government managers. In effect, it gives local governments a comprehensive management review and consulting service at no cost by the State. To find those "cost drivers" in local government, teams review all aspects of local government operation, looking for ways to improve efficiency and reduce costs.

In addition, teams will also document those State regulations and mandates which place burdens on local governments without value added benefits and suggest, on behalf of local officials, which ones should be modified or eliminated. Teams also look for "best practices" and innovative ideas that deserve recognition and that other communities may want to emulate.

Based upon the dramatic success of the program and the number of requests for review services, in July, 1997, Governor Whitman ordered the expansion of the program tripling its number of teams in an effort to reach more communities and school districts. The ultimate goal is to provide assistance to local government that results in meaningful property tax relief to the citizens of New Jersey.

## **THE REVIEW PROCESS**

In order for a town, county or school district to participate in the Local Government Budget Review Program a majority of the elected officials must request the help of the review team through a formal resolution. There is a practical reason for this: to participate, the governing body must agree to make all personnel and records available to the review team and agree to an open public presentation and discussion of the review team's finding and recommendations.

As part of the review of the Township of Hillside team members interviewed elected officials, as well as employees, appointees, members of the public and contractors. The review team examined current collective bargaining agreements, audit reports, public offering statements, annual financial statements, the municipal code and independent reports and recommendations previously developed for the community. The review team physically visited and observed the work procedures and operations throughout the municipal government to observe employees in the performance of their duties.

In general the review team received the full cooperation and assistance of all employees and elected officials. That cooperation and assistance was testament to the willingness on the part of most to embrace recommendations for change. Those officials and employees who remain skeptical of the need for change or improvement will present a significant challenge for those who are committed to embracing the recommendations outlined in this report.

Where possible the potential financial impact of an issue or recommendation is provided in this report. The recommendations do not all have a direct or immediate impact on the budget of the township, or the tax rate. In particular, the productivity enhancement values identified in this report do not necessarily reflect actual cash dollars to the township but do represent the cost of the township's current operations and an opportunity to define the value of improving upon such operations. The estimates have been developed in an effort to provide the community an indication of the potential magnitude of each issue and the savings, productivity enhancement or cost to the community. We recognize that all of these recommendations cannot be accomplished immediately and that some of the savings will occur only in the first year. Many of these suggestions will require negotiations through the collective bargaining process. We have endeavored to be conservative in our projections by underestimating revenue and overestimating expense. We believe that these estimates are achievable through a steadfast, courageous and cooperative commitment on the part of local officials.

**LOCAL GOVERNMENT BUDGET REVIEW  
EXECUTIVE SUMMARY  
TOWNSHIP OF HILLSIDE**

**Cash Management**

A program to manage cash balances more aggressively and to reduce fees can yield additional revenue of approximately \$127,000 and reduce costs by \$1,000.

**Public Assistance**

If Hillside were to transfer its public assistance office to Union County the township would realize a reduction in costs of approximately \$73,000.

**Sewer Service**

Hillside should consider establishing a self sustaining sewer utility and have all costs associated with sewer service borne by ratepayers and not taxpayers. They should also consider initiating a program to ensure that everyone is being billed properly. By accomplishing these two items taxpayers would benefit by a total of approximately \$214,632 in the first year.

**Day Care Center**

By closing the Hillside Day Care Center and transferring the children to privately run facilities the taxpayers of Hillside would realize a savings of \$228,443.

In addition, the township can avoid a potential expenditure of another \$500,000 to renovate or construct a new facility to meet code requirements.

**Police Department**

Purchase of a new communications system would cost approximately \$65,000.

Reorganization and staff reductions would save an estimated \$176,664.

Future purchases of vehicles would save approximately \$5,500 in leasing costs.

The elimination of health benefits for crossing guards would save an estimated \$126,000.

A reduction in crossing guard time on post would save about \$68,469.

\$43,885 could be saved if training overtime is eliminated, with an additional \$16,850 saving if general overtime can be reduced.

False alarm revenue could generate \$47,442, with an additional \$18,440 in alarm registrations.

**Tax Collection**

An increase in tax collections of 1% from 94% to 95% would generate approximately \$331,775.

An increase in sewer collections from the current rate of 85% to 95% would amount to approximately \$79,555.

### **Tax Assessments**

The appropriate adjustments in assessments on abandoned property will result in a reduction in payments to the county and school district of at least \$51,967 annually.

### **Consolidation of Tax Offices**

A combination of the tax offices and hiring of a full time assessor and a full time collector would cost an additional \$59,471.

### **Fire Department**

If the proposed table of organization were implemented, the township would realize a gain of approximately \$158,763.

An additional \$111,356 would be saved by bringing salary levels more in line with surrounding communities.

Elimination of the civilian maintenance person and transferring this responsibility to the Department of Public Works would save approximately \$75,934.

Removal of the 6% premium, paid for EMT duty should be eliminated saving approximately \$136,306.

An additional \$28,000 should be collected from EMS billing, plus an additional \$1,000 if all medical equipment used is billed.

Fire inspection revenue could be increased by an estimated \$43,950.

### **Municipal Court**

The municipal court could save a total of \$37,595 by a reduction in staff, reciprocal agreements for substitute judges and eliminating a redundancy in the purchase of statute books.

### **Contracts**

Reducing the number of vacation, sick, and personal days, eliminating of longevity payments that are as high as 12%, eliminating incentive pay and standardizing the civilian workweek to at least 35 hours could save a total of \$997,927.

### **Building Office**

By establishing a rental registration and inspection fee an estimated \$112,500 would be generated.

UCC (State Uniform Construction Code) fees should be adjusted upward to generate an additional \$60,173.

The staffing level should be adjusted for a total savings of approximately \$59,545.

An efficiency enhancement of \$12,510 would be accomplished by reallocating existing staff from the SLCHIP (State Local Cooperation Housing Inspection) program.

Restricting CDBG (Community Development Block Grant) programs to the proper areas would net a savings of about \$4,540.

A reduction of one vehicle would save approximately \$5,196.

Imposing UCC would generate approximately another \$2,000.

The department should purchase a new computer at a cost of \$4,000.

### **Municipal Clerk**

An additional \$11,500 would be saved if overtime is reduced by 50%.

An expenditure of approximately \$7,000 is necessary to accomplish a codification of all township ordinances.

A reduction of staff would net savings of about \$13,000 even after the transfer of one clerical person to the business administrator's office.

### **Health Department**

The township would realize a net gain in revenue of approximately \$8,542 by conducting the required dog census and another \$6,988 by adjusting fees for a total of \$15,530.

### **Department of Public Works**

The department should spend approximately \$1,500 to purchase the necessary software to track all tasks and costs.

A reduction in office staff should provide a benefit of \$26,070.

The elimination of duplicate clothing allowances would save \$26,000.

The elimination of one equipment operator position would save about \$52,100.

Competitively contracting the garage operations should save approximately \$61,841, and building maintenance another \$85,367.

### **Swimming Pool**

The elimination of one part time maintenance person would save an estimated \$2,510.

Charging the appropriate township personnel would save the township \$20,255.

The pool, in order to become self-supporting would have to increase income by at least \$24,000.

**Insurance**

The establishment of the required fixed asset inventory would cost about \$6,000.

Paying workers' compensation claims at 70% instead of the current 100% would save \$36,870, on average, based on the current level.

The removal of a former employee from the township's insurance would save about \$4,689.

Adding a 20% co-pay to insurance premiums would generate approximately \$98,161.

**Technology**

It is essential that Hillside obtain an up to date networked computer system that will provide management the necessary information to make informed decisions. The cost of this is estimated to be \$150,000.

**Library**

A reduction in salaries to a level equal to libraries of comparable size would save an estimated \$74,232.

Requiring all full time employees to work a 35-hour week would be equivalent to a \$10,208 productivity enhancement.

Increasing video rental prices to \$1 would generate an additional \$2,647.

Purchasing a video surveillance system should cost about \$600.

A reduction of the township subsidy by the value of the current in kind services would save the township approximately \$40,410.

An increase in operating hours would cost approximately \$4,100.

An increase in the price of fines for late books should generate \$6,000.

**Recreation**

By combining the two recreation departments, one director and one clerical position could be eliminated for a total of about \$65,000.

Eliminating a second clerical person would save an additional \$35,000.

Turning fees that are already being collected into the township would generate approximately \$12,000.

COMPARISON OF BUDGET APPROPRIATIONS, STATE AID,  
AND LOCAL TAX RATE WITH RECOMMENDED REDUCTIONS IN  
TOWNSHIP OF HILLSIDE

<b><u>Areas Involving Monetary Recommendations</u></b>	<b><u>Savings</u></b>	<b><u>Totals</u></b>
<b>Cash Management</b>		<b>\$128,000</b>
Reduce Fees	\$1,000	
Manage cash more proactively	\$127,000	
<b>Public Assistance</b>		<b>\$73,000</b>
Transfer to Union County	\$73,000	
<b>Sewer Service</b>		<b>\$214,632</b>
Establish Self Sustaining Sewer Utility	\$206,200	
Initiate proactive billing and collection program	\$8,432	
<b>Day Care Center</b>		<b>\$728,443</b>
Discontinue Day Care Center	\$228,443	
Avoid Capital Expense of New Facility	\$500,000	
<b>Police Department</b>		<b>\$438,250</b>
Purchase New Communications System	\$(65,000)	
Reorganization & Staff Reductions	\$176,664	
Future Purchase of Vehicles, Instead of Leasing	\$5,500	
Eliminate Health Benefits for Crossing Guards	\$126,000	
Reduce Crossing Guard Time on Post	\$68,469	
Eliminate Training Overtime	\$43,885	
Reduction in General Overtime	\$16,850	
False Alarm Revenue	\$47,442	
Alarm Registration Revenue	\$18,440	
<b>Tax Collection Office</b>		<b>\$411,330</b>
Increase Collection Rate from 94% to 95%	\$331,775	



Increase Collection Rate for Sewer from 85% to 95%	\$79,555	
<b>Tax Assessment Office</b>		<b>\$51,967</b>
Adjust Assessments on Abandoned Property	\$51,967	
<b>Consolidation of Tax Offices</b>		<b>\$(59,471)</b>
Additional Costs for Full Time Personnel	\$(59,471)	
<b>Fire Department</b>		<b>\$555,309</b>
New Table of Organization	\$158,763	
Salary Adjustments	\$111,356	
Delete Maintenance Person	\$75,934	
Remove 6% Premium Pay for EMT Duty	\$136,306	
Improve EMS Billing Collection Rate	\$28,000	
Charge Allowable Items for EMS Service	\$1,000	
Fire Inspections Revenue Increase	\$43,950	
<b>Municipal Court</b>		<b>\$37,595</b>
Reciprocal Agreement for Substitute Judges	\$2,400	
Reduction in Staff	\$33,834	
Share N.J.S.A. Updates	\$1,361	
<b>Contracts</b>		<b>\$997,927</b>
Adopt State Std for Minimum Vacation Days	\$22,371	
Reduce Personal Days	\$49,335	
Adopt Uniform No. of Sick Days, Limit to St. Std. of \$15,000	\$49,519	
Eliminate Longevity Payments	\$469,000	
Eliminate Incentive Pay	\$30,365	
Standardize Work Week	\$377,337	
<b>Building Office</b>		<b>\$252,464</b>
Rental Registration and	\$112,500	

Inspection		
Adjust UCC Fees	\$60,173	
Adjust Staffing	\$59,545	
Reallocate Staff from SLCHIP	\$12,510	
Program Efficiency Enhancement		
Restrict CDBG Program to	\$4,540	
Appropriate Areas		
Reduce Vehicles by One	\$5,196	
Impose UCC Penalties	\$2,000	
Purchase Computer and Software	\$(4,000)	
<b>Clerk's Office</b>		<b>\$17,500</b>
Reduction of Overtime by 50%	\$11,500	
Codification of Ordinances	\$(7,000)	
Reduce Staff	\$13,000	
<b>Health Department</b>		<b>\$15,530</b>
Adjust Fees	\$6,988	
Conduct Dog Census	\$8,542	
<b>Department of Public Works</b>		<b>\$249,878</b>
Software Purchase	\$(1,500)	
Reduce Office Staff	\$26,070	
Eliminate Clothing Allowance &	\$26,000	
Provide Uniforms		
Eliminate One Equipment	\$52,100	
Operator Position		
Competitively Contract Garage	\$61,841	
Competitively Contract Building	\$85,367	
Maintenance		
<b>Swimming Pool</b>		<b>\$46,765</b>
Eliminate One Maintenance	(savings to Pool Utility)	\$2,510
Person		
Charge Maint. Personnel to Pool	(savings to Twp.)	\$19,200
not Twp.		
Charge Treas. Time to Pool not	(savings to Twp.)	\$1,055
Twp.		
Adjust Fee Schedule		\$24,000
<b>Insurance</b>		<b>\$133,720</b>
Asset Inventory	\$(6,000)	
Pay Workers Comp @ 70%	\$36,870	

Remove Former Employee from Insurance Plan	\$4,689	
Add 20% Co-Pay	\$98,161	
<b>Technology</b>		<b>\$(150,000)</b>
Obtain Networked Computer System	\$(150,000)	
<b>Library</b>		<b>\$128,797</b>
Reduce Salaries to Level Equal to Libraries of Comparable Size	\$74,232	
Require Full Time Employees Work 35 Hr. Week	\$10,208	
Increase Rental Prices to \$1 for Videos	\$2,647	
Purchase Video Security Camera	\$(600)	
Reduce Twp. Subsidy by In Kind Services Cost	\$40,410	
Increase Hours	\$(4,100)	
Increase Fines	\$6,000	
<b>Recreation</b>		<b>\$112,000</b>
Combine Recreation Departments		
Eliminate One Director and One Clerical Youth Recreation	\$65,000	
Eliminate One Clerical in Senior Recreation	\$35,000	
Remit All Fees Collected to the Township Treasurer	\$12,000	
<b>Total Potential for Savings</b>		<b>\$4,383,636</b>
<b>Total Amount Raised for Municipal Tax (98)</b>		<b>\$15,026,890.00</b>
<b>Savings as a % of Municipal Tax</b>		<b>29%</b>
<b>Total Budget (98)</b>		<b>\$22,602,353.0</b>

<b>Savings as a % of Budget</b>	<b>19%</b>	<b>0</b>
<b>Total State Aid (98)</b>		
	<b>\$5,162,731.00</b>	
<b>Savings as a % of State Aid</b>	<b>85%</b>	

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## **COMMUNITY OVERVIEW**

Hillside Township is located in Northern New Jersey and is part of Union County. Its area of 2.7 square miles is relatively small in comparison to its two major neighbors, Newark and Elizabeth. Approximately 21,000 people reside there. The Garden State Parkway, Route 22, Newark Airport and access to Amtrak provide convenient transportation choices.

The township officially dates back to 1913 when it was incorporated by an act of the state legislature. Part of the community was inhabited as far back as 1666 when various groups came to settle in the Newark and Elizabethtown area.

Hillside operated under the Township Committee form of government until mid 1997 when it changed to a strong Mayor Council form under the Faulkner Act. The change in the form of government was the result of an initiative backed by a local taxpayers group. This group was formed in response to rising property taxes, as depicted in the table in Appendices A and B. A perception of poor management and a lack of cooperation and openness by the former administration also contributed heavily to the formation of the group and the change in form of government. The taxpayers group succeeded in replacing all members of the Hillside Board of Education in three succeeding elections and totally replaced all members of the former Township Committee in the May 1997 election.

When the new Mayor and Council took office in July of 1997 a business administrator's position was created and filled. While they all have demonstrated a sincere desire and enthusiasm to improve efficiency and reduce costs they are all, including the business administrator, new to government at any level. This will naturally require some time for them to adjust and become familiar with the unique aspects associated with elected office and government in general. The team would like to commend the president of the council on her efforts to arrange for a representative from Rutgers University to address council members and assist them in understanding their functions and responsibilities. It is unfortunate that a majority of council members did not wish to participate. It is essential that the new business administrator and all members of the governing body recognize the value of the full time staff currently employed and rely on their experience and expertise. Conversely, it is equally important that the staff recognize and accept that there is a new form of government and new elected officials representing the people of Hillside. Old loyalties and philosophies must be put aside and the new reality accepted and worked with by all parties.

The new governing body must be willing to accept the challenge and have the courage to make some very difficult decisions regarding the future of Hillside. Some of the decisions will be more difficult than others and will directly affect the employment of many current employees as well as the residents and economic future of Hillside. All members of the governing body interviewed indicated that they were prepared to make the necessary decisions.

## **I. BEST PRACTICES**

A very important part of the Local Government Budget Review report is the Best Practices section. During the course of every review, each review team identifies procedures, programs and practices, which are noteworthy and deserving of recognition. Best practices are presented to encourage replication in communities and schools throughout the state. By implementing these practices municipalities and school districts can benefit from the Local Government Budget Review process and possibly save considerable expense on their own.

Just as we are not able to identify every area of potential cost savings, the review team cannot cite every area of effective effort. The following are those best practices recognized by the team for their cost and/or service delivery effectiveness.

### **Professional Management**

With the change in the form of government in Hillside Township that occurred in May of 1997 the new elected officials recognized the necessity and wisdom of having professional full time management in place within the township. This management has produced considerable change in a very short while. The practice of employing professional management, most notably the business administrator, allows for professional administration of the daily affairs of local government and allows the elected officials to focus primarily on policy decisions. This structure also provides a direct line of authority for employees and eliminates the confusion and inefficiencies associated with scattered and inconsistent management practices.

### **Emergency Medical Service**

Hillside has achieved a high degree of success with EMS direct services via the firefighters. In fact, nearly 1,700 out of 2,660 or 64% of all calls to the fire department involve a call for an ambulance. It appears that 90% of all firefighters are now EMS trained, certified and are available for ambulance services on a 24-hour basis. This is a best practice, which should be copied by other forward thinking municipalities.

## **II. OPPORTUNITIES for CHANGE/FINDINGS and RECOMMENDATIONS**

The purpose of this section of the report is to identify opportunities for change and to make recommendations that will result in more efficient operations and financial savings or enhancements for the municipality and its taxpayers.

In its study, the review team found the municipality makes a conscious effort to control costs and to explore areas of cost saving efficiencies in its operations. Many of these are identified in the best practices section of this report. Others will be noted as appropriate in the findings to follow. The municipality is to be commended for its efforts. The review team did find areas where additional savings could be generated and has made recommendations for change that will result in reduced costs or increased revenue.

Where possible, a dollar value has been assigned to each recommendation to provide a measure of importance or magnitude to illustrate cost savings. The time it will take to implement each recommendation will vary. It is not possible to expect the total projected savings to be achieved in a short period of time. Nevertheless, the total savings and revenue enhancements should be viewed as an attainable goal. The impact will be reflected in the immediate budget, future budgets, and tax rate(s). Some recommendations may be subject to collective bargaining considerations and, therefore, may not be implemented until the next round of negotiations. The total savings will lead to a reduction in tax rates resulting from improvements in budgeting, cash management, cost control and revenue enhancement.

### **BUSINESS ADMINISTRATOR**

The position of business administrator is new to Hillside and came about with the change in the form of government. This change from the township committee to a strong mayor council form occurred in May of 1997. Consequently, there is no prior history of this office for the team to analyze.

The business administrator is currently utilizing the conference room located behind council chambers as an office. In the opinion of the team this physical arrangement is inefficient. The office is also operating without any clerical staff.

The business administrator is to be commended for the enthusiasm that he has demonstrated during the team's review. His cooperation with the team during the review was a great help. He appears to be committed to upgrading the level of management of the township, eliminating duplication and improving efficiencies.



## **Recommendation:**

**In another section of this report, the team is recommending moving the tax assessor's office into the same physical location currently occupied by the tax collector's office, so that both share the same space, and support staff. Once this move is accomplished, we recommend that the executive director of the Hillside Urban Enterprise Zone relocate into the tax assessor's former office, making the UEZ office more accessible to the public from the main entrance of the township hall.**

**Upon completion of the above, we recommend that the business administrator occupy the office space currently being occupied by the UEZ director. This area is adjacent to the conference room, council chamber and mayor's office, which is an ideal location for a community's business administrator.**

**Clerical help can be provided to the business administrator by reassigning the recommended reduction in staff in the city clerk's office.**

## **CASH MANAGEMENT**

This section analyzes the township's management of its cash balances. Specifically, we assess whether the township obtains competitive interest rates from banks and whether it operates efficiently by monitoring bank fees, interest earnings and combining or closing small accounts to reduce bank charges.

This analysis of Hillside's cash balances uses information from several sources. We interviewed the Treasurer/CFO and government banking personnel from the township's two banks. In addition, we completed a detailed analysis of twelve monthly bank statements for each major account including the New Jersey Cash Management Fund (NJCMF), and analyzed summary data provided by the banks for each account for the last 12 months (ending in October). We identified average daily balances, fees charged, interest paid, if any, and the interest rate.

The township earns excellent interest rates on almost one-half (45.4%) of its cash balances, which are maintained in the NJCMF. The township maintains an average of \$3.6 million in this fund. The fund does not provide normal banking services such as check processing; instead, the purpose of NJCMF is to "park" longer term funds until they are needed and then to transfer them to "regular" checking accounts. NJCMF paid an excellent rate at 5.29% and the township earned nearly \$200,000 in interest. The township periodically ensures that NJCMF pays a competitive rate by calling local banks and comparing their CD rates to NJCMF. The township transfers funds in the NJCMF, utilizing electronic transfers.

While Hillside earns excellent rates on one-half of its cash balances, it needs to make major improvements regarding the other half. The township maintains a total of \$4.4 million in cash balances to meet current obligations. These funds are held in twenty accounts in two banks.

The township follows the recommended practice of maintaining its major accounts with one bank yet maintaining smaller accounts with another bank. This should have helped the township to maintain competition and keep Hillside informed of new efficient banking methods. However, this has not occurred.

The two banks do not charge fees for these accounts and they do not take a 10% reserve requirement i.e., reduce the balance that it pays interest on by 10%. The two banks pay interest on about half of these accounts. However, not paying interest is not the problem. With two exceptions, these non-interest-bearing accounts have low account balances. Banks typically do not make money from these accounts, especially when they don't charge fees.

The problem with Hillside's cash management rests with the fact that the interest rate paid by the banks on large balance accounts averages only 1.5%. We concluded that this rate is low after accounting for the lack of bank fees and the 10% reserve requirement. We used the NJCMF rate as a comparison because it is slightly higher than the 91-Day Treasury rate. We estimated fees based on Local Government Budget Review's experience with fees charged by banks for high and regular volume accounts. See Appendix C for account balances and LGBR earnings projections.

After adding in fees and the 10% balance requirement, Hillside could still earn up to \$127,000 more per year in interest earnings if it received a competitive interest rate.

The township can improve this situation slightly more by reducing routine bank fees. The team identified two low activity accounts, which the township might be able to close or combine as sub-accounts with others that have a similar function. Eliminating small, low activity accounts reduces bank charges and administrative overhead. One such account is the Public Assistance Trust Fund II (PATFII) that can be combined with the Public Assistance Trust Fund I (PATFI) account, with approval of the State. The other accounts that can be combined are the two swimming pool accounts. Making these changes would reduce bank expenses by approximately \$1,000 per year.

The township receives a low interest rate and maintains low balance accounts because it has not worked effectively with banks to obtain competitive rates and efficient banking methods. The township recently made some improvements, however. In November 1996 it moved its major accounts to a new bank; however, the rate increased from 1% to only 1.5%. The township is currently working with its new bank to further increase this rate and implement other changes. For example, the bank plans to group all of its accounts and to invest any remaining balances overnight.

### **Recommendation:**

**The township should expedite its negotiations with its banks to obtain competitive interest rates on all of its accounts. This could increase interest earnings up to \$127,000 per year. If the township would combine two smaller and less active accounts, routine bank fees**

**could be reduced by an additional \$1,000. Moreover, the township should periodically obtain written proposals from other banks to ensure that these rates remain competitive and that the township is using the most efficient banking methods currently available.**

**Cost savings: \$1,000**  
**Revenue enhancement: \$127,000**

## **PUBLIC ASSISTANCE**

The Hillside Public Assistance Department commonly referred to as the welfare department provides financial assistance and medical care to all eligible persons living in the community. A Local Assistance Board (LAB) governs the department. The board oversees the equitable and efficient administration of the general assistance program in Hillside and consists of five members who meet four times a year. They were appointed by the prior administration under the township committee form of government and, as of the writing of this report, are awaiting action by the township's administration. They may decide to retain the old board or appoint a new one.

### **Organization**

The department has a part-time welfare director and a full-time senior clerk stenographer who also functions as an income maintenance worker. The current director assumed this position on a temporary basis in 1992. This person is also the director of the senior citizen department. Presently the director receives a salary of \$5,000 for work in this department, in addition to the salary he receives as senior citizens director.

The office is staffed by the clerk stenographer from 8:30 a.m. to 4:00 p.m., Monday through Friday. The director works in this department Monday through Friday, from 1:30 p.m. to 4:00 p.m. Review of the township records established that the welfare director submitted several vouchers for additional compensation during the fiscal year. The documentation revealed that each month the director spent additional time performing check distribution, processing new cases, and other activities relevant to the department. Consequently, the director averaged an additional 24.3 hours per month, added to his normal 70 hours a month dedicated to public assistance work.

### **Recommendation:**

**Any additional compensation received by an employee should be received through the normal payroll procedure, and not paid by voucher.**

The public assistance department is budgeted at \$60,000. This is made up of \$52,000 in salary expenditures and \$8,000 in operating expenses. Additionally, \$11,000 in benefits and \$8,000 in additional compensation can be allocated to this department. The department is actually operating at an annual cost of approximately at \$80,000.

## **Caseload**

A caseload analysis was done and, on average, the department processes 134 cases each month for a total of approximately 1,608 cases a year. The monthly intake average is 13 new applications. Each month, however, the department closes a similar number of old cases. General assistance checks are distributed once a month from the second floor welfare office or from the municipal courtroom on the first floor in the township's municipal building, depending on volume.

The Local Assistance Board (LAB) has established two Public Assistance Trust Funds (PATF). The PATFI is set up primarily to fund the department with the PATFII set up primarily as a petty cash account. The account balances at the end of the 1997 fiscal year were \$41,407.65 and \$0, respectively. The cash management section of this review is recommending that the two accounts be combined for the sake of efficiency and reduced service charges.

In July of 1997 the State of New Jersey enacted legislation intended to transform the design and purpose of the welfare system in New Jersey. The "Work First New Jersey General Assistance Program" focuses on establishing personal responsibility, instilling dignity, and promoting self-sufficiency and pride through a work incentive. Assistance benefits are still provided but on a time-limited basis. The subsidies are considered temporary cash outlays to bridge the gap while individuals seek income sources and become self-sufficient.

The legislation gives the municipalities the option of continuing their general assistance programs at the municipal level, or transferring them to the county program. By transferring the administration of these small programs to the county level, an economy of scale would be attained. Overall, eliminating redundant administrative costs would reduce operating costs. On September 12, 1997 the New Jersey Department of Human Services outlined its new general assistance implementation plan. In response to the state's letter, the Mayor of Hillside sent a letter dated October 10, 1997 stating the municipality's intention to consolidate its general assistance program with Union County. The deadline for a decision by a municipality was December 31, 1997. An implementation plan was to have been completed by each municipality by January 31, 1998. The projected end date for the completion of the consolidation process is September 30, 1998. The designated transition period in which municipalities are to consolidate with the county is January to September 1998. The state noted, however, that any municipality that does not adopt a resolution by January 1998 would automatically be considered for consolidation.

The team is aware that the new township council has, instead, decided to retain control of this department rather than transfer its administration to Union County. The team feels this was not the most efficient action for the township to take.

## **Recommendation:**

**The team recommends that the Hillside Township Council follow through on its original intention to merge this department with the State's Work First New Jersey General Assistance Program, operate at the county level. It is the team's understanding that this can be accomplished at anytime working through the NJ Department of Human Services.**

**It was represented that the majority of Hillside's general assistance cases are employable. Consolidation provides the township with greater access to job training programs, technological improvements and other state resources. There is also the benefit of an economy of scale through improved efficiency that would be provided through standardization of the general assistance program. Lastly, consolidation provides the township with savings in the form of salary and wages as well as operating expenses. Under the State's consolidation recommendation, the township would only have to incur a one-time expenditure of \$6,050 for computer hardware. Even if Hillside was to consider providing transportation for recipients to the county office, the savings would be considerable.**

**Cost Savings: \$73,000**

## **SEWER SERVICE**

This section will center on the delivery and cost of providing sewer service to the businesses and residents of Hillside. When considering this type of service one must categorically recognize that there is a distinct difference between taxpayers and ratepayers. The amount of property tax one pays is directly proportionate to the assessment placed on the property in question. Sewer service, on the other hand, should be paid for based on the cost of and/or the amount of the service received. Any subsidy of this service provided by the taxpayer would therefore be disproportionate to the service received due to the disparity of assessments. The higher or lower the assessment from the average, combined with consumption, the larger the disparity. Therefore, whenever a situation exists where the amount of payment for a service of this type is insufficient to cover the cost of the service, inequality exists. Such is the case in Hillside.

In order to adequately analyze this aspect of Hillside numerous individuals were interviewed and a large amount of data was obtained. Those interviewed included the director of public works, the mayor, business administrator, staff in the tax collection office, CFO, city clerk; assessor's office and various others. A considerable effort was made to obtain a list of all outstanding debt attributable to sewer service, however, the team was never able to obtain a complete list. Therefore, all conclusions and representations contained in this section take into consideration only data obtained, so as not to overstate financial projections.

Hillside receives effluent treatment for its sanitary sewer system from the Joint Meeting (JM) of Essex & Union Counties. As part of this arrangement, Hillside retains responsibility for the maintenance of the collection system and pumping stations needed to transport effluent from Hillside to the treatment facility.

This cooperative venture for effluent treatment serves several communities in the area as well as Hillside. These are Union, West Orange, Elizabeth, East Orange, Hillside, Irvington, Maplewood, Millburn, Newark, Roselle Park, South Orange and Summit. Hillside ranks as the fourth largest user of industrial service, although Union and Elizabeth ranked one and two, respectively are substantially higher in this category. It is noteworthy to mention that this is one of the oldest cooperative efforts and dates back to 1898 when the concept was first considered as a "trunk

sewer to tidewater.” It has evolved over the years into its present form. The township’s leadership of that time was wise to participate in this cooperative venture that was far ahead of its time.

The annual sewer charges for all members of the JM are determined by using the total JM budget less the contribution calculation for the City of Elizabeth divided by the total Equivalent Dwelling Units (EDU’s) from all members. This is then multiplied by the number of EDU’s in each municipality to arrive at the total municipal contribution applicable to EDU’s. *The Tax Assessor certifies the number of EDU’s present in member municipalities each year. Therefore, it is critical that the Tax Assessor of Hillside be absolutely certain of the accuracy of this calculation.* In addition to the EDU’s in each member municipality a separate charge is made for certain industries. For billing, the township takes the charge for each Equivalent Dwelling Unit and the Industrial Users individual charges and adds an administrative fee. At the present time, the administrative fee in Hillside is nine percent. This fee is intended to cover administrative costs incurred by the township relating to sewer service. When questioned regarding the method used to determine the size of the administration fee, the team was advised that it was simply a “guess.”

#### **Recommendation:**

**The practice of “guessing” at fees should be discontinued, and replaced with a comprehensive income/cost analysis in order to accurately determine the costs incurred by the township. These costs should include maintenance, supervision, debt service, administration and collection.**

During the review, the tax assessor’s office provided the team with a copy of a certification letter indicating there were 8,421 EDUs for billing purposes in 1997. The township council passed a resolution establishing fees to be billed based on 8,413 EDUs, eight less than the assessor certified. No one in Hillside could adequately explain the difference in the total number of EDUs. The clerk also advised the team that a resolution rather than an ordinance had been used to establish fees because the fee was only intended to be in place for relatively short periods of time.

#### **Recommendation:**

**The township administration should take the appropriate steps to investigate the discrepancy in the number of EDUs that the township billed as opposed to the amount certified by the assessor. Had the township billed on the certified number provided by the assessor, it would have generated additional revenue of \$632. The township should adopt fees by ordinance and not by resolution. Resolutions do not require a public notice or public hearing and therefore avoid scrutiny and comment by those that are affected, the public.**

**Revenue Enhancement: \$632**

The township clerk advised us that no comprehensive survey to verify the number of sewer connections had taken place since the late 1970’s. The procedure used at that time was to mail a form to every property owner requesting information. The response to this questionnaire

established a baseline upon which all other changes were made. Changes have since been made based primarily upon data submitted to the tax assessor by the construction official.

The sewer use ordinance supplied by the township clerk was passed in the late 1970's, and delineates those entities that are to be billed as well as the method used. It is clear that some modification has taken place over the years but not always by ordinance, as should have been the case. This ordinance should be carefully reviewed, updated and care should be taken to insure that the ordinance is complied with for the benefit of all.

It was determined that some properties are receiving sewer services that are not paying for this service. Most notable is the Hillside Public School System. This item alone could conservatively enhance revenue by an additional \$7,800 based on an enrollment of 2,500 students.

Hillside's maintenance of the sewer infrastructure includes two pumping stations. The township public works department normally performs maintenance. On occasion, when an emergency occurs that is beyond the capability of the township, a private contractor is called to accomplish the work. During the review, the team requested a breakdown of maintenance costs and was provided with the following data from public works:

1995-1996	Maintenance Costs	\$73,235
1996-1997	Maintenance Costs	\$60,054

These figures include labor and material for maintenance and repair for the years indicated. Information was not available prior to 1995-96. They also do not include any allowance for clerical support or managerial supervision from DPW. It was also indicated that some material used for these purposes may have been charged to other accounts and as a result are not included in the above totals.

A sewer pumping station was upgraded in 1995 at a cost of \$759,574. Funding for this upgrade was provided through a recent bond issue and the general and capital improvement fund. Including this item in the bond issue is contrary to the township's reported original intent of funding this upgrade from the wastewater trust fund. Had the wastewater trust been utilized, the township would have realized a savings in the form of reduced bonding fees and interest payments.

Hillside is also responsible for certain capital costs associated with the operation of the JM plant. The recent bond issue, mentioned above, included \$571,000 for Hillside's portion of the construction of a sludge drying facility.

It is apparent that Hillside has never performed a comprehensive analysis of the impact of sewer costs on the local property tax rate. It appears that sewer rates have been established based on political rather than financial considerations. They have been maintained at artificially low levels that did not reflect true costs. During the review, the team conducted an income and expense analysis of the sewer functions for the past two years. Data was unavailable for years prior to this time period. The results of this analysis reflects an excess of expense over income of \$131,061

for FY96 and \$122,030 for FY97, for a two year average net loss of approximately \$124,546. This negative cash flow will be increased an average of \$81,654 over the life of the recent bond issue as principle payments come due. Therefore, in FY98 we estimate that if no action is taken, Hillside's property taxes will be negatively impacted by approximately \$206,200, which equates to approximately 7.1 cents per hundred valuation.

#### **Recommendations:**

**The township should conduct an analysis of income and expenses relating to sewer, at least annually. Fees should be established in an appropriate amount that will directly relate to cost, debt service, and future capital expansion and upgrades. Exact associated costs could not be determined because township records do not indicate time spent by various individuals involved in sewer utility work.**

**The team strongly recommends that Hillside give very serious consideration to establishing a self sustaining sewer utility to administer sewer service. This would require the distribution of all costs associated with sewer service to the utility and not the taxpayer. These costs would include, but not be limited: to employee salary and wages; benefits; legal services; engineering services; insurance; maintenance; audit; general billing; and administration. An additional significant benefit of this change would be to allow the new utility to borrow funds without the necessity of a five percent down payment. In addition, the amount borrowed by the utility would not have any impact upon the township debt ceiling as it does at the present time. As a consequence of this action, the township should have counsel determine if existing debt could be restructured in a manner to transfer it from the township to the new utility thereby reducing the township's debt, and increasing the debt ceiling immediately. This would also relieve the property taxpayer from the burden of subsidizing the cost of sewer service, which has been the case for many years.**

**We suggest that an aggressive attempt be made by the township and/or the new utility to make certain that all properties that are connected to the sewer system and that are required to be billed by the existing ordinance are being billed in the appropriate manner.**

**We recommend that the sewer use ordinance be reviewed and updated immediately and periodically in the future for compliance with current statutes and conditions.**



Serious consideration should be given to billing sewer customers based on consumption rather than Equivalent Dwelling Units. This would result in a more equitable distribution of fees. Simply stated, those that use more would pay more. This could easily be done utilizing water consumption as a basis and making adjustments under certain unusual circumstances.

Sewer charges should be established by ordinance and not by resolution.

Cost Savings: \$206,200  
Revenue Enhancement (minimum): \$8,432

## **DAY CARE CENTER**

The Hillside Day Care Center is a New Jersey licensed day care facility that provides child care services exclusively to Hillside Township residents for children ages 2 ½ to 5 years. The mayor and council make all financial and administrative policy decisions regarding its operations. The center's director manages the day to day operations.

As a fully licensed day care facility in the State of New Jersey, the Hillside Day Care Center is required to abide by, and adhere to, the provisions established in the **Manual of Requirements for Child Care Centers**, N.J.A.C. 10:122, hereby known as **the Manual**. **The Manual** encompasses all aspects of child care, including licensing, administration and staffing qualifications, program requirements, physical facility specifications, transportation, and public health/safety issues. The center is reviewed by the Department of Human Services' Division of Youth and Family Services (DYFS) for compliance to these regulations.

### **Background**

The opening of the day care center in 1982 was prompted by the need for affordable, quality child care in the local area, fortified by the expressed interest and concern of Hillside parents to establish a day care center within their own community. There were no other child care centers located in Hillside at that time and there have not been any since. In discussing this matter with township personnel the team was advised that the township has discouraged the location of competing agencies in Hillside.

Initially, the day care center ran quasi independently from the township committee, under the director, with the township treasurer/CFO acting as the administrative department head. A nine member day care center citizens advisory board was also established to serve as liaison to the township committee regarding operations of the day care center. The advisory board provided advice for the supervision of the center and made recommendations and suggestions on existing and proposed day care policies. In July 1997, following the change in the form of government, the township administration function was transferred to the new position of business administrator with the director's position remaining intact and the advisory board being eliminated.

The day care center has experienced financial difficulties in the past and has a history of operating at a loss. It is unclear whether the township ever performed a comprehensive income/cost analysis in regard to the center until this report. The anticipated loss for FY97-98 is projected to be in excess of approximately \$228,000, excluding a CDBG operational subsidy. A fee increase was implemented in August 1997 by executive order of the mayor as a means to eliminate or reduce the "assumed loss." Shortly after it was implemented it was rescinded and any increase in fee was refunded. This action will be discussed further under fees.

A synopsis of overall operating income and expenses for the years 1994 through 1998 (projected) appears in Appendix F.

### **Staffing**

The Hillside Day Care Center has a full time staff of eight. This includes a director, four group teachers, two teaching assistants, and one head cook. The center also employs a part time custodian. According to the center's director, all group teachers and one teaching assistant are certified as Child Development Associates (CDA) by the State of New Jersey. The director and teaching staff must meet the mandates of subchapter four of **the Manual** regarding staffing requirements and qualifications in order to maintain their employment status at the day care center. **The Manual** is prepared and distributed by the Department of Human Services' Division of Youth and Family Services.

### **Organizational Structure and Format**

Parents whose children are enrolled at the Hillside Day Care Center are provided with an information handbook that outlines the center's mission, policies and procedures, curriculum, and requirements for both new and returning students. The handbook also references specific mandates the center must comply with for State licensing approval, including parental visitation rights, child abuse/neglect reporting requirements, and other relevant child care matters. Parents are expected to read and understand the contents of the handbook and must sign a written consent form stating that they have reviewed the handbook and agree to its terms and conditions. This handbook is revised and updated annually.

The center runs on an eleven-month calendar, from September through July. It is closed in August for inspection, maintenance, and preparation by the administration and staff for the upcoming school year. Parents are responsible for making alternative child care arrangements for the month of August.

Regular hours of operation at the center are 7:00 a.m. to 5:30 p.m., Monday through Friday. Parents must make special arrangements in advance with the director for children requiring early drop off and/or late pick up. A holiday and closing schedule is included in the information handbook and is given to the parents at the beginning of each school year.

### **Facility**

The day care center has been operating at its present location of 274 Hillside Avenue since it began fifteen years ago. It is sandwiched between the Buie Community Center and the public works garage. During the fall season the area directly behind the day care center is used as a

temporary storage area for leaves collected by the township's public works department. The team feels that this practice creates a potential safety hazard to the center. The amount of daily vehicular traffic in and out of the public works garage, proceeding past the day care center presents a further safety hazard to the children. On the plus side, it is also adjacent to a municipally owned playground and the Buie Community Center both of which are maintained by the township.

**Recommendation:**

**Relocating the leaf pile to the other side of the DPW garage and fencing the center would abate both of these hazards, at minimal cost.**

The single story building that houses the day care center consists of six interconnected modular units similar in construction to a standard mobile home. There are four classrooms, three bathrooms (both a boys and girls bathroom for the students along with a designated bathroom for staff), an administrative office area, a kitchen, a sick ward/nurses station, and a storage area. Maintenance of the facility is the responsibility of the township's public works department. The team on several occasions observed the discarding of debris (mostly cardboard boxes) related to the center piled adjacent to the structure and next to the trash dumpster. This practice creates an additional fire hazard.

In July 1997, the center underwent a sanitary health inspection and a fire inspection conducted by the township's health department and fire prevention bureau. The findings of these inspections resulted in the day care center receiving a "conditionally satisfactory" rating from the sanitary inspector and being cited for twelve violations of the New Jersey Uniform Fire Code by the fire official. Subsequently, the mayor and council requested that the center's director provide a formal written response to the inspection findings. The director has since answered the mayor's request, and has identified what actions have been taken, are taking place, or will be taken to correct these issues.

One item of particular concern to the team was an observation made by the township fire official regarding evidence of deterioration of the supporting foundation underneath the modular units, as well as a reference to an automatic fire suppression system that is required in at least part of the structure. At the time of the inspection, which took place on July 24, 1997, a fire suppression system was not installed in the newly renovated storage area. The fire official recommended that this matter be referred to the township construction official for further review and follow-up.

**Recommendation:**

**The deterioration of the foundation and fire suppression are considered important issues that should be addressed immediately.**

**Enrollment and Curriculum**

In the 1996-97 school year, 50 students attended the day care center. As of October 1997, there were 24 students enrolled at the day care center for the 1997-98 school year. This represents a

decrease in enrollment of roughly 50% from the prior year. Until this year, enrollment had been at the maximum capacity of 50 students per year and holding steady. The center also had a waiting list of 15 to 20 children during the prior two school years. The breakdown of this year's students by age group for the 1997-98 school year is:

<u>Age Group</u>	<u>Number of Students</u>	<u>Number of Classes</u>
2 ½ years old	3 students	1 class
3 years old	6 students	1 class
4 and 5 years old	15 students	2 classes w/ 8 & 7 students each

Staffing needs for the day care center directly correlate to number of students enrolled, and staff assignments are made according to the children's ages and developmental needs. The center is required to meet the minimum staff/child ratios as specified in subchapter 4.3 of **the Manual**. These ratios ensure adequate supervision based on the age of the child being served and class size.

The curriculum offered at the day care center is based on the age and the developmental level of the child. It must meet the standards outlined in subchapter six of **the Manual** entitled Program Requirements. Individual sections regarding the curriculum offered at the center for each age group and the corresponding subject areas are outlined in the parent's information handbook.

### **Fees**

A review of the day care center's fees over the years indicates that fees have historically risen every year since the center has been in operation. Increases, with the exception of this year, have appropriately occurred through township ordinance and on average have been about 6.6%.

The fees charged by the day care center are based on the family's size and income. Parents who wish to enroll their children in the center must meet two preliminary requirements: proof of residency and income verification. Once these requirements are met and all other pertinent information is received, a contract is drawn up and signed by the legal parent or guardian and the designated day care center representative. Included in the contract is a fee agreement, which outlines in detail the tuition to be charged per child, the registration fee, late fees, and other miscellaneous fees associated with drop off/pick up times and half/full day sessions.

Also in the agreement is the payment schedule parents must follow during the school year. The annual tuition associated with each child is broken down into 48 weekly payments over an 11-month period. Payments are due every Friday in advance of the upcoming week and must be made by check or money order. Failure to make payments in a timely manner will ultimately result in termination of a child from the day care center. The payment schedule policy implemented at the day care center appears to be effective, with accounting records reflecting most parents making payments on time.

Recent developments regarding the fees being charged by the day care center have resulted in much controversy between the township administration, its elected officials, and the parents of

children attending the center. In August 1997, fees were increased by an overall average of 10.5% from the prior year by executive order. Those families that fell in the first three-income categories (lowest) of the fee schedule, roughly two-thirds of the day care center's current enrollment, experienced the greatest impact by the fee increase which ranged between 20-25% over the previous year.

At the October 7, 1997 council meeting, township residents raised the issue as to whether the fee increase that took place in August was done according to proper procedure. After further follow up and investigation, it was determined that the August 1997 increase was not brought before the council and passed by township ordinance. As a result, the fee increase was rescinded and parents of children in attendance at the day care center are to be refunded the difference between last year's and the rescinded fee schedule until a new fee schedule is passed by ordinance. Pending further action, the day care center director has been instructed to use the 1996-97 fee schedule. However, as of the writing of this report the team is aware of no further action being taken to modify fees.

A survey of neighboring day care centers suggest that the fees presently being charged by the Hillside Day Care Center for the 1997/98 school year are competitive and proportional with other centers in the surrounding communities. The survey was conducted on October 7, 1997, and consisted of random telephone calls to day care centers in the local area. Of the four day care centers contacted, fees ranged from \$85 per week to \$130 per week per child. These fees were based on a full day program with breakfast and lunch included. Fees were based either on income and family size or were set by the day care centers themselves. Some of the centers also received a government allowance that helped to offset operational expenses.

### **Budget/Finance**

In the past, the township CFO received additional compensation for preparing the budget for the day care center. The day care center director did not directly participate in the preparation of the day care center's budget. The only exception to this was for the director to provide estimates of the center's operating expenses to the CFO. Since July 1, 1997 the business administrator prepares the proposed annual budget in accordance with the newly adopted administrative code.

Using data supplied by the township CFO and her staff, a financial analysis of the day care center was prepared comparing revenues, salaries, wages, and operating expenses for the last four years, as well as a projection for FY98. The results of this analysis indicate that the day care center has been operating at a loss of well over \$100,000 per year during this period (See analysis in Appendix H). This means that the taxpayers are bearing this financial burden for a relatively small user group.

Revenues: Revenue sources for the center include tuition and fees, reimbursements from the state for the Reach Program, and funds from the Community Development Block Grant (CDBG) program. Funds provided by CDBG are used for two teachers salaries and for a variety of

operational expenses such as food and school supplies. While revenues applied from CDBG have been relatively steady recently, state fees and tuition are a result of the families' income level.

*Salary and Wages:* Salary and wages, as is common in these cases, account for the largest expenditure in the day care center's budget, making up approximately 70 - 80% of the center's total expenses in any given year. Total salaries include not only base pay but also any additional compensation received during the year such as overtime. The numbers used for this section of the report were taken from the township's audit reports. The reason for this was that the team found many inconsistencies between the information contained in the township's payroll records and employee W-2 forms. After further discussion, the team made a decision to use the salary and wages data from the audit reports as a base for its analysis.

*Operating Expenses:* Trends indicate that operating expenses for the day care center show no significant changes over the last five years. It was reported that all purchases relating to operating expenses are made according to the purchasing policies and procedures established by the township.

#### **Recommendations:**

**The Township of Hillside should be commended for its recognition of the needs of its working parents and its efforts to provide child care services to address those needs. The team feels, however, the township should not continue to have the property taxpayer provide such a sizable subsidy. The day care center is losing a substantial sum and is far from being self-sustaining. The impact on Hillside's property tax rate is as follows:**

<b>Year</b>	<b>Pennies Per Hundred</b>
<b>1994</b>	<b>4.3</b>
<b>1995</b>	<b>4.6</b>
<b>1996</b>	<b>3.9</b>
<b>1997</b>	<b>2.8</b>
<b>1998 (Estimated)</b>	<b>5.8</b>

**Based on projected expenses for FY97-98, the township is spending approximately \$13,000 per child to operate the day care center. Unless the township can come up with some viable options to solve the center's financial problems, they will be faced with a short list of alternatives, which includes the discontinuation of operations of the day care center. In making its final determination, the township must consider that a decision to continue operations at the day care center will require a major capital investment in the near future. This issue should be addressed before it becomes critical. As referenced earlier, the structural soundness of the facility has been questioned. At the request of the team, an engineer has estimated a new facility would cost about \$402,500 for the building plus site work. This calculation considers the cost of a new block building, steel trusses and metal deck roof with concrete slab floor and various interior work for bathrooms and a kitchen at approximately \$115 a square foot. Since the township does not have funds available at this**

time it would require bonding. Adding legal and bonding fees to construction costs, the total cost of the project could easily exceed a half million dollars.

The team recommends consideration of the following alternatives:

*Interlocal agreements/shared services:* If enrollment were opened up to other municipalities in the local area, the operational cost of maintaining the center could be shared with the other communities.

*Public/private partnerships:* The township could enlist the support of local area businesses and non-profit organizations to help defray the costs of operating the day care center.

*Privatization by introducing competition:* The township should introduce incentives for privately owned day care centers to come into the community. This would allow the township a means to indirectly continue to provide child care services to its residents by encouraging private day care centers to operate in town, while no longer bearing the burden of such a significant subsidy for the Hillside Day Care Center.

*Restructuring:* According to current enrollment at the day care center, it appears that the center may be over staffed based on the staff/child ratios outlined in the Manual. The size of the faculty should directly correlate to the number of students attending the day care center. The township should also investigate the feasibility of contracting out food services, either privately or with the Hillside Board of Education, as a further means of reducing operating costs.

*Elimination of this as a Township Service:* Notwithstanding any of the above options, all of which entail substantial difficulties in implementation, the township would realize the most direct on going cost savings and community benefit through the discontinuance of the day care center as a municipal service, not to mention the avoidance of the looming capital cost of a new or renovated facility in another location. It should be stressed that the facility is constructed of six interconnected modular units. The structural integrity of the foundation is in question as well as the lack of a fire suppression system in at least of portion of the center has been noted. These conditions could lead to critical problems in the near future. The number of children enrolled, 24 at the time of the review, at a cost of nearly \$13,000 per child is not cost effective. It is logical to conclude therefore, that far more benefit for a greater number of children could be derived by a reallocation of resources in alternative developmental endeavors. However, this action would also have the most direct impact upon the families and children currently enrolled. Should this option be chosen, great care should be taken to place the children in other facilities that would minimize impact upon the children and disruption to the families involved. The team feels that this could be accomplished through a sensitive, family oriented approach. A concerted effort should also be taken to assist former employees in obtaining new employment.

Community development funds currently being used in this area could be reallocated to new programs that would increase employment opportunities, or an enhancement to

existing programs such as youth recreation, developmental programs, or perhaps a senior citizen lock and smoke detector program, or both.

**Cost Savings: \$228,443**

**Cost Avoidance of Future Capital Expense: \$500,000**

## **POLICE DEPARTMENT**

At the time of this review, the Hillside Police Department consisted of 66 sworn officers and ten civilian employees. According to the organizational chart of the department, there is an authorized staffing level of 73 sworn officers and ten civilian employees. According to the department's mission statement, these employees are charged to "provide a multitude of services, which include crime prevention, enforcement of laws in an equal, equitable, and fair manner, responding to calls for non-enforcement services, active patrols, security and protection of prisoners, and public relations contracts." In so providing these services, the department tries to achieve its mission to, "protect and serve all people in an efficient, effective and professional manner. (They) will enhance the quality of life, while instilling a sense of security within the community."

The police department costs constitute a significant proportion of municipal expenditures. During fiscal year 1996-97, the department's expenditures (excluding crossing guards) were 20.02% of the total expenditures for the township. Below is a five-year comparison of the police department's expenditures (excluding crossing guards).

<b>YEAR</b>	<b>SALARY &amp; WAGE</b>	<b>OTHER EXPENSE</b>	<b>TOTAL</b>
<b>1997-98 (Budget)</b>	<b>\$4,625,451***</b>	<b>**\$149,528</b>	<b>\$4,774,979</b>
<b>1996-97 *</b>	<b>\$4,743,365***</b>	<b>**\$197,177</b>	<b>\$4,940,542</b>
<b>1995-96</b>	<b>\$4,707,298***</b>	<b>\$105,861</b>	<b>\$4,813,159</b>
<b>1994-95</b>	<b>\$4,493,858***</b>	<b>**\$142,949</b>	<b>\$4,636,807</b>
<b>1993-94</b>	<b>\$4,228,007***</b>	<b>\$180,267</b>	<b>\$4,408,274</b>

\* For this year, only the in-year expenditure was recorded (unaudited)...the amount paid out of the appropriation reserves is not available yet.

\*\* For these years, expenditures for vehicles were included (\$33,992 for 1994-95, \$88,000 for 1996-97, and \$22,600 for 1997-98).

\*\*\* Salary & Wage data from audit

It should be noted, however, that the above costs are not the true costs associated with the department. In order to achieve a true cost, the costs of direct employee benefits, insurance, utilities, etc. must be factored in. If you just added the costs associated with direct employee benefits (ex. health insurance, longevity, pension, etc.), the total expenditure for the department would increase by approximately \$1,012,176. In addition to direct employee benefits, there are other "value added costs" that should be discussed. It was estimated that approximately \$876,333 in value added costs (ex. vacation, sick, personal, & holiday days given, overtime, travel pay, etc.) were attributable to the police department.



In providing police services to its residents, the department has the unenviable task of dealing with its surroundings. Newark City, Irvington Township, Elizabeth City, and Union Township border Hillside. In 1996, these communities respectively had the 1<sup>st</sup>, 3<sup>rd</sup>, 4<sup>th</sup>, and 13<sup>th</sup> highest crime rates per 1,000 residents in a comparison of Essex and Union counties. With this fact, Hillside was still able to report a crime rate per 1,000 residents, which was approximately 30% lower than the average of the four bordering communities. It was mentioned by some of the officers, that often prisoners can be heard fighting because they inadvertently committed a crime in Hillside or passed through after committing a crime elsewhere and were ultimately caught. This illustration was given to the team as evidence that the Hillside Police Department is quite active and efficient in fighting criminal activities within its borders. Below is a comparison of the Uniform Crime Report (UCR) statistics of the five municipalities, along with averages for Union County, Essex County, both counties, and the four bordering communities:

<b>Municipality</b>	<b>County</b>	<b>Crime Index Total</b>	<b>Violent Crime Total</b>	<b>Non-Violent Crime Total</b>	<b>Crime Rate per 1,000</b>	<b>Violent Crime Rate per 1,000</b>	<b>Non-Violent Crime Rate per 1,000</b>
Hillside	Union	1,445	174	1,271	66.2	8.0	58.2
Newark	Essex	34,696	8,871	25,825	134.1	34.3	99.8
Irvington	Essex	6,730	1,559	5,171	110.7	25.6	85.1
Elizabeth	Union	9,221	1,188	8,033	86.7	11.2	75.6
Union	Union	2,468	220	2,248	47.6	4.2	43.4
Union Cty.	(Avg.)	1,157	125	1,032	48.9	5.3	43.7
Essex Cty.	(Avg.)	2,922	614	2,308	84.0	17.7	66.4
2 County	(Avg.)	2,060	375	1,685	70.2	12.8	57.4
4 Bordering	(Avg.)	13,279	2,959	10,319	94.8	18.3	75.9

Along with comparing the UCR statistics to its surroundings, Hillside's statistics were compared over the last seven years. The comparison found that 1996's statistics were the lowest for almost every category only 1992 had any statistics that were better than the 1996 statistics. The chart below shows Hillside's UCR statistics over the last seven years:

<b>HILLSIDE</b>						
<b>Year</b>	<b>Crime Index Total</b>	<b>Violent Crime Total</b>	<b>Non-Violent Crime Total</b>	<b>Crime Rate per 1,000</b>	<b>Violent Crime Rate per 1,000</b>	<b>Non-Violent Crime Rate per 1,000</b>
1990	1680	257	1423	77.0	11.8	65.2
1991	1824	204	1620	83.6	9.3	74.2
1992	1660	172	1488	76.1	7.9	68.2
1993	1517	208	1309	69.5	9.5	60.0
1994	1731	220	1511	79.3	10.1	69.2
1995	1784	224	1560	81.8	10.3	71.5
1996	1445	174	1271	66.2	8.0	58.2

The department recently underwent a change in administration and there were also several retirements and resulting promotions. The chief, along with most of his administrative staff, have only been in their present positions for a short period of time. Nevertheless, a sense of professionalism was readily apparent throughout the department as interviews and observations were conducted. It is the opinion of the review team that overall, the department is well run and provides good service to the public. The following recommendations are made to further the progress, efficiency, and cost effectiveness of the department.

### **Patrol and Scheduling**

At the time of this review, there were 30 officers assigned to the basic patrol function of the township, however, one of those officers was on an extended injury leave. As a result, one officer was reassigned from the traffic bureau to the patrol function and there were three other vacancies. Overall, the patrol function is authorized to have 34 officers. Excluded from this are two officers assigned to the community policing function. A deputy chief heads the patrol function. There are also four captains who act as shift commanders, four lieutenants who work the communications desk, and six sergeants who act as road supervisors to the patrol officers.

The patrol officers, along with the majority of sworn personnel in the department work a 5 on 5 off schedule, in which the officers work a 10¾ hour day. This results in an average work year of approximately 1,960 hours. This 1,960 hours should not be misunderstood as the actual hours worked by the officers. When the average time associated with sick leave, vacation leave, personal leave, training, and any other time off is considered, the officers are more realistically available to work approximately 1,516 hours per year. According to the department personnel, the two main benefits of the 5 on 5 off schedule are 1) The overlapping/doubling of patrol personnel for almost eight hours each evening (from 8:30 p.m. to 4:15 a.m.) and 2) The time away from the job each cycle to recoup from the pressures of being a police officer in an urban area. A problem with this schedule, however, is that police management must constantly work to

ensure that the schedule does not create two separate departments within the police department, in that procedures, rules & regulations, discipline, etc. are not administered differently between the different shifts.

To determine the proper number of patrolmen for the five on five off schedule, a beat patrol analysis was done. This analysis figures proper patrol staffing by determining the number of officers needed to meet the department's minimum patrol requirement for the entire year, after each officer's average time-off is factored in. This analysis assumes that the department's minimum patrol requirement is correct. Under the present situation, where a minimum of four officers are needed for each shift (it is preferred on the day shift, however, they will work with three), 31 patrol officers are required for the department. It is the opinion of the LGBR team that the proper patrol staffing for the department is 28 officers, after the following two recommendations are considered: 1) Change the minimum patrol staffing for the day shift to three officers and 2) Change the way that vacation and personal days are granted to the police staff.

Communication records were requested of the department to determine whether the patrol staffing levels and minimum requirements were appropriate. Due to the dispatching system being so old, these records could not be generated into a summary report that listed when calls for service were received during different periods of the day. As a result, this analysis could not be done and we could not determine whether the patrolmen were effectively assigned to deal with the needs or problems associated with the township during different parts of the day or the year. Specifically, we could not determine whether the present overlap periods were appropriate or whether the shift should begin and end at a different time of day. However, since the department will work with three patrol officers during the 7:00 a.m. - 5:45 p.m. shift, it is our opinion that this should appropriately be the minimum requirement, not four. In changing the minimum requirement for that platoon from four officers to three, the patrol requirement for the department drops by 2.58 to 28.48 officers or more practically, to 29 officers.

### **Recommendation:**

**The minimum requirement for the 7:00 a.m. - 5:45 p.m. platoons should be reduced from four officers to three. The savings from reducing one officer position would be approximately \$45,275 in salary and direct benefit costs.**

**Management should ensure that proper records are kept, so as to make accurate judgments regarding proper staffing levels and minimum requirements. The department should at least use this information to do quarterly work load analyses. Our main concern that could not be answered was whether the present overlap period is occurring at the times most needed.**

As stated above, another factor in reducing the number of patrol officers needed to effectively patrol the township is to change the way that vacation and personal days are granted. Presently, police personnel are granted four personal days (except for the chief, who gets five) and vacation days are based on how long they have been employed by the township. This arrangement is very similar to other township employees. The difference lies in that the municipal employees are

granted days in 8-hour “blocks” and police employees are granted their days in 10 ¾ hour “blocks,” according to their workday. This results in a police officer getting more hours off of work each year than other municipal employees. If the police were granted their days in eight hour “blocks,” the patrol requirement for the department drops by another 1.05 officers to 27.43, or more practically, 28 officers. Another tangible benefit of the change would be a reduction in overtime used throughout the department.

The 28 patrol officers proposed by LGBR is consistent with two other staffing analyses completed by the team. A Department of Criminal Justice (DCJ) Workload Method Analysis was done, factoring in the amount of calls for service that were taken by the department and time that is needed for administrative and patrol activities. In 1996, the Hillside Police Department handled 17,779 calls for service. According to the DCJ formula, 26.3 officers are needed to deal with the workload that occurs within Hillside Township. The other analysis determined the number of officers needed to cover a position for the entire year on the 5 on 5 off schedule (“Relief Factor”). According to that analysis, under the present schedule, Hillside needs 2.6 officers to fill each necessary shift position (“Minimum Requirement”) for an entire year (3,924 hours to cover a shift for the year/1,516 available hours). When the relief factor of 2.6 is applied to the recommended minimum requirement of 11 patrol officers per day, the result shows that approximately 28.6 patrol officers are needed.

#### **Recommendation:**

**The township should negotiate with the bargaining units of the police department to get the granting of leave days changed from 10¾ hour “blocks” to eight hour “blocks,” in order to reduce time spent away from work. If this change is negotiated, a reduction in one officer position is warranted. The resulting savings from reducing one officer position would be approximately \$45,275 in salary and direct benefit costs.**

As stated earlier, one of the benefits of the five on, five off schedule is that it produces overlapping/doubling of patrol personnel for approximately eight hours per day. This allows for more officers being on the road during some of the more “heavy” periods of the day. This overlapping/doubling of patrol officers produces a higher visibility of officers and most likely has a positive impact on the crime rate of the township, but it comes at a high cost to the taxpayers. Another reason why the scheduling is so expensive is that the Hillside police personnel do not work a standard workweek. The standard base workweek for police personnel is generally moving towards 40 hours per week or 2,080 hours per year. In Hillside, however, they work a 1,960-hour work year. Having a shorter workweek results in the need for additional staff to complete the necessary workload. As a result, many departments are moving towards a five on, two off schedule where the officers work an eight hour day, as it is seen by many as the most effective police schedule. In doing a beat patrol analysis for a five on, two off schedule for Hillside, the team determined that only 18.32, or more practically, 19 patrol officers were needed to patrol Hillside Township. Staffing at this level, however, does not lend itself to any sort of

overlapping/double coverage during peak times. Though we urge the community to consider all possible cost efficiencies, changing the department's schedule should not be made hastily or solely on a monetary basis. Appropriate community concerns must be addressed and considered.

#### **Recommendation:**

**The department should consult with the Department of Criminal Justice for its knowledge, expertise, and advice on determining whether the five on, five off schedule that is presently in place is the appropriate schedule for Hillside and to what extent there should be overlapping/double patrol coverage. We do not feel that the present 5 on 5 off schedule is an effective way to conduct police work. We feel that greater efficiencies and cost reductions would be achieved if a more effective schedule were put in place. Notwithstanding this, our report will focus on creating efficiencies and cost reductions for the present 5 on 5 off schedule. We do not endorse the present police schedule. The Governing Body of Hillside should take all steps possible to work with the police department to change to a more effective police schedule.**

*Again, all of the recommendations made below are based on the current five on, five off schedule. Any modifications to the schedule would affect the following recommendations.*

The department has a policy that when it gets dark, two officers are assigned to each patrol vehicle. This is done to ensure the safety of the officers during the more active and dangerous times of the day. According to the DCJ, however, studies have shown that one person per vehicle is actually safer than two officers due to the elimination of distractions by each other, along with other factors. Another benefit of one person per vehicle is that there is an increased police presence throughout the community, which should have a positive impact on the crime rate.

#### **Recommendation:**

**The police department should confer with other law enforcement agencies to determine whether the current practice of two police officers per vehicle during night hours is the safest and most effective method of patrolling the township. If the department were to go to one person per vehicle during night hours, policies would need to be created that required a back-up vehicle at all reported incidents, so as to ensure officer safety.**

**Consideration should be given to using the back-up patrol vehicles during these overlapping time periods, instead of automatically increasing the size of the police vehicle fleet.**

#### **Communications**

The communication system that serves the community is very old and outdated. It is a mainframe system that was purchased in the early 1970's. It is a slow system that is often in

need of attention and repair. The system is very labor intensive and has passed its useful life. As stated earlier, the system does not generate adequate information to assess the workload and needs of the department.

As a result of the above, the department is currently in the process of procuring a new communications system. The chief has estimated a top limit of \$175,000 for the system. The department is already eligible for a \$50,000 Local Law Enforcement Block Grant and they are also pursuing Urban Enterprise Zone (UEZ) funding. Overall, the township's contribution will be approximately \$65,000 for the communications system.

### **Recommendation:**

**The LGBR team supports the efforts of the department to obtain a new communications system. We do recommend, however, that consideration be given to future cooperative efforts, where Hillside could contract with another municipality to have all or a portion of the communications services provided for them, or Hillside could contract with another municipality to provide these same services.**

**Value Added Expense: \$65,000**

The department has four civilian dispatchers who work at the communications desk. These dispatchers work a five on, five off schedule, similar to the sworn personnel. As a result, there is one dispatcher on the desk for 21¼ hours each day; there is no dispatcher on duty from about 4:15 a.m. to 7:00 a.m. If there is a dispatcher absent, an extra patrol officer, if available, will be placed on the desk or another dispatcher will be called in on overtime.

The civilian dispatchers are accompanied at the communications desk by desk lieutenants. The lieutenants' responsibilities include checking on prisoners in the cells, taking citizen complaints, writing some reports if necessary, handling incoming calls, monitoring police activities (ex. pursuit chases), etc. The lieutenants interviewed estimated that approximately 75% of their time is spent doing dispatcher functions. This then takes away from the lieutenants' time to monitor prisoners (which they are supposed to do every 30 minutes if the prisoner is not determined to be a high-risk problem) and complete other functions. It is the opinion of the LGBR team that it is not cost effective or efficient to have high ranking officers spending 75% of their time completing functions that can appropriately be handled by well qualified and appropriately trained civilian dispatchers.

As stated earlier, there is no dispatcher on duty from 4:15 a.m. to 7:00 a.m. During that time, there is no desk lieutenant either. As a result there is one sergeant responsible for everything that is going on in the department. This sergeant is responsible for receiving incoming calls, monitoring patrol activities, dealing with any walk-up complaints, monitoring prisoners, etc. This situation leads to potential problems and also results in zero on-the-road supervision of the patrol officers, which is the main responsibility of patrol sergeants.

**Recommendation:**

**If the present dispatching process stays in place, the township should hire and appropriately train four more civilians to work at the communications desk as dispatchers. The approximate cost of the four additional dispatchers would be \$146,000 in salary and benefit costs. Any modifications in the workload, due to regionalization or shared services, will require a reassessment of the staffing level.**

**When these dispatchers have completed their training and are ready to be put to work, they should be scheduled for the peak workload periods, however, assistance is needed for the time period between 4:15 a.m. and 7:00 a.m.**

**Discussions should be initiated with the fire department to ascertain whether it would be possible to have firefighters trained to work at the communications desk. The desk assignments could be done on a rotating basis, to possibly eliminate civil service issues, and these firefighters could have a vehicle assigned to them so they could immediately respond to fire calls.**

The hiring of four additional dispatchers should result in a reorganization of the patrol function. Under the present situation, there are four captains that act as shift commanders, four desk lieutenants and six patrol sergeants overseeing the patrol officers. Under a new organization, we propose that there should be one captain overseeing the patrol function (along with Investigations and Traffic), four lieutenants acting as shift commanders, and eight patrol sergeants overseeing the patrol officers. We feel that this is feasible, in that the civilian dispatchers would take over the majority of the desk lieutenant's work. We determined the number of lieutenants and sergeants by applying the Relief Factor of 2.6 to the total number of supervisory personnel that we felt were warranted on the shift. Since two lieutenants and two sergeants can cover 21.5 hours of the day (due to the overlapping shifts), we feel that the Relief Factor for determining the appropriate number of patrol supervisors should only be applied to these four positions plus a factor of .5 that is needed to cover the additional 2.5 hours out of the day. The result is that 11.7 patrol supervisors, or more appropriately 12, are needed to effectively supervise the patrol function for the entire year. From this pool of 12 supervisors, we feel that there should be four lieutenant shift commanders and eight sergeant road supervisors. Of the eight sergeant road supervisors, we feel that six of them can be assigned to patrol platoons and two can serve in a cross-over/fill-in capacity (Appendix E depicts the recommended revised organization).

**Recommendation:**

**A reorganization of the patrol function should be done, in light of the hiring of four additional dispatchers. This reorganization could result in the elimination of three captain positions.**

**The addition of the two patrol sergeants would result in a value added expense to the township of approximately \$169,414 in salary and benefit costs.**

Along with dispatching both police and fire calls, the department has a contract in place to handle emergency medical services (EMS) calls. Under the present arrangement, all EMS calls that are taken by the police department are directed to a third party. This third party is responsible for responding to the caller and taking the necessary and appropriate action to dispatch required emergency vehicles and personnel. The third party is paid a set amount per 911 call received. The results of having the third party handling these EMS calls is that the police dispatchers are freed up to continue taking other calls for service and it also reduces the municipality's liability in dealing with the highly complex field of medical services. This service costs approximately \$8,000 per year.

**The township is commended for its efforts to free up its dispatchers to handle other public safety problems and to reduce the liability associated with the EMS dispatching in a cost effective manner.**

### **Investigations**

Within the detective bureau, there are two lieutenants, a sergeant, and nine investigators. The detective bureau is under the supervision of another deputy chief. These personnel are charged with handling all of the investigative work of the township. There is a lieutenant and four investigators assigned each day, with one of the investigators specializing in evidence/I.D. and one investigator specializing in juvenile cases. The sergeant and one investigator are assigned to the night bureau, which focuses on narcotics. There are three additional investigator positions within the bureau that are authorized, but not presently filled. The lieutenants and investigators that work during the day work a five on, five off schedule, while the sergeant and investigator assigned to the night bureau work a four on, three off schedule, so as to cross-over the day shifts and keep up to date with what is going on in the township and what needs to be done. The bureau staff works very well together, in that a teamwork approach is taken to solving cases, and there is more than one person allowed to work on a case.

The department boasts of having one of the highest clearance rates in Union County. While the LGBR did not have the individual clearance rates of the municipalities in Union County, this statement appears accurate. The department recorded a 20.5% clearance rate in 1996, as compared to a 14.6% rate for the county. This 20.5% clearance rate is also very comparable to the state average of 20.2%. Overall, it appears that the detective bureau is doing a good job. Besides the good clearance rates, the department also cross trains its patrol officers in the investigations area. They place the patrol officer in the detective bureau for a period of time to get an idea of how to do basic investigative work, so they will be able to assist the investigators at crime scenes.

In discussing the detective bureau with the DCJ, it appears the bureau, along with other areas, is not organized efficiently and is "top-heavy." This will be discussed in detail below.



### **Recommendation:**

**The detective bureau is doing a good job with the personnel that they have and are obtaining clearance rates which are very high for the county, and comparable to the state as a whole. As a result, we recommend that the township retain the nine investigators that are presently in place.**

**The department should be commended for its efforts in cross-training its personnel and thus increasing its effectiveness.**

### **Organization**

Discussions with the DCJ revealed that the department is not structured efficiently and is top-heavy. This report has already addressed the organization of the patrol and dispatch functions and now will address the organization of the remaining areas. In discussing personnel and their duties, only the main duties are discussed. The high-ranking personnel of the department, in conjunction with their primary supervisory function, are each assigned certain administrative functions (ex. training, vehicles, discipline, updating policies and procedures, firearm qualifications, etc.).

It is the opinion of the DCJ and the LGBR team that there is no need for a deputy chief. Presently, there is a deputy chief who supervises the patrol function, and a deputy chief who supervises the detective bureau and records bureau. We feel that a captain could effectively supervise the department's operations (patrol, investigations/detective bureau, and traffic).

Under the supervision of the captain, we propose that there be a lieutenant in direct command of the detective bureau. Under this lieutenant, we recommend that a sergeant be in charge of each day shift and the night shift. This results in a reduction of one lieutenant position and the addition of two sergeant positions in the detective bureau.

Along with the captain, there needs to be another ranking officer in charge of the services (communications & records) function to assist the chief with certain administrative functions (ex. budget, purchasing, UCR reporting, TAC, etc.). We recommend that there be a lieutenant in charge of these activities. With a ranking officer directly in charge of the records function, we don't feel there is a need for a detective to be working in this area. We recommend that the detective position be eliminated and a civilian records clerk be hired to deal with the increased workload created by eliminating the sworn officer.

### **Recommendation:**

**We recommend that the township take the appropriate steps to modify the present police organization. If the stated recommendations are implemented, the township can expect savings in salary and direct benefits to be approximately:**

<b>Eliminating two patrol positions (Stated Earlier):</b>	<b>\$90,550</b>
<b>Adding four civilian dispatchers (Stated Earlier):</b>	<b>(\$146,000)</b>
<b>Eliminating three patrol Captain positions (Stated Earlier):</b>	<b>\$304,000</b>
<b>Adding two patrol Sergeants (Stated Earlier):</b>	<b>(\$169,414)</b>
<b>Eliminating two Deputy Chief positions:</b>	<b>\$227,786</b>
<b>Eliminating one Detective Lieutenant position:</b>	<b>\$92,573</b>
<b>Adding two Detective Sergeant positions:</b>	<b>(\$169,414)</b>
<b>Adding a Services/Administration Lieutenant:</b>	<b>(\$92,573)</b>
<b>Eliminating the Detective position in Records:</b>	<b>\$76,409</b>
<b><u>Adding a civilian Records Clerk:</u></b>	<b><u>(\$39,253)</u></b>
<b><i>Total Approximate Net Staffing Savings:</i></b>	<b><i>\$176,664</i></b>

The result of staffing changes and organizational changes is that the department would have the same number of people, as presently working in the department, however, there would be fewer sworn officers and more civilians. Currently, there are 66 sworn officers and ten civilians. The staffing and organizational changes would result in an organization of 62 sworn officers and 15 civilians, an increase of one full-time position from the present department. A copy of the proposed organization is attached to this report and appears as Appendix E.

## **Vehicles**

There are presently 31 vehicles assigned to the police department. These vehicles are divided up among the different functions of the department. The following chart contains a breakdown of where the vehicles are assigned.

Main Patrol Vehicles	4
Back-up Patrol Vehicles	3
Community Policing Vehicles	1
Supervisory Personnel Vehicles	1
Traffic Bureau Vehicles	3
Reserve Police Vehicles	3
Unmarked Vehicles (These are used by the Detective Bureau, and there are plans to auction off at least two or three of these vehicles.)	14
Miscellaneous (These vehicles are assigned to the department, but are utilized by public works for traffic light maintenance.)	2

Under normal circumstances, vehicles purchased by the department are first used as main patrol vehicles. These vehicles basically run 24 hours per day, seven days per week. These vehicles are utilized as main patrol vehicles for about three years and are then transferred to being back-up patrol vehicles. From there, the vehicles would be transferred to other bureaus within the department and ultimately retired through auction.

In discussions with the department and looking over vehicle records, there does not seem to be any systematic vehicle replacement plan. The township appears to be using a “Band-Aid” approach to vehicle replacement. Instead of having a routine schedule for replacing vehicles, the township buys vehicles depending on the situation and is not ready for the budgetary impact. The township is presently in the process of leasing three vehicles to offset past non-purchases and bring the patrol fleet to an “acceptable” level. In leasing these vehicles, the township is required to pay approximately \$5,500 in interest payments over the three-year lease. This additional cost could have been avoided if a systematic vehicle replacement plan were in place for the department and the township as a whole.

**Recommendation:**

**The township should establish a vehicle replacement plan, so as to maintain an adequate vehicle fleet and to eliminate unplanned expenditures.**

**The township should make all efforts to purchase vehicles outright through its current fund budget and not continue the practice of leasing vehicles. The additional cost to the township of presently leasing the three vehicles is approximately \$5,500 over the three-year lease.**

**Cost Savings: \$5,500**

**If the police department has limited need for the two vehicles used for traffic light maintenance, these vehicles should be transferred to the public works department to more accurately define each department’s actual vehicle costs.**

**The police department should submit to the governing body substantiation of the need for 11 to 14 unmarked police vehicles. There are substantial insurance and maintenance costs associated with all of the township’s vehicles, and any reduction in the fleet size would decrease the township’s costs.**

**Consideration should be given to the possibility of renting cars on an intermittent and infrequent basis from an auto dealer to do surveillance work, since this is the only use for these particular vehicles. A cost analysis should be done to determine whether the routine rental of vehicles would be less than the insurance and maintenance costs associated with keeping a large fleet of unmarked township vehicles. If the township were to rent cars from an auto dealer to do surveillance work, it would be much harder for criminals to identify investigator vehicles.**

We found that the patrol vehicles are not always fully equipped with basic patrol equipment. In looking at the logs, the vehicles are supposed to be equipped with a first aid kit, an oxygen unit, spare oxygen tanks, a fire extinguisher, flares, a tape measure, a lock-out tool, a ripping iron, a shotgun, ammunition, and a dog stick. There were multiple times where vehicles were going out on the road without having all of this basic patrol equipment in the vehicle.

### **Recommendation:**

**In order to ensure the safety of the officers and the general public, who reside in Hillside, the township should ensure that all of the police vehicles that are leaving the station are fully equipped with the above-mentioned basic patrol equipment.**

### **Parking Enforcement/Public Safety**

There is currently a proposal in place to hire two part-time, civilian parking enforcement/public safety officers. These personnel will be charged with enforcing parking ordinances and statutes through issuing parking summons, operating the speed monitor, and helping to reduce the amount of public safety problems (ex. health violations, code violations, etc.) by bringing these other types of violations to the attention of the appropriate municipal enforcement officers. It is theorized that the actions of these personnel will bring in additional revenue to the township, but more importantly, will make the community a more attractive and safe place to live and visit. It is being proposed that the salary costs associated with these personnel be split 80% - 20% between the UEZ and the township. It is expected that this proposal will be approved. Two parking vehicles have already been purchased for the parking enforcement/public safety officers with UEZ funding.

### **Recommendation:**

**It is recommended that the township continue in its efforts to hire two parking enforcement/public safety officers on a part-time basis. Once the program has been initiated, the township should ensure that at least the money expended by the municipality is recovered through increased revenues. This project should be reviewed regularly and in order for the program to continue, a visible effect on the community's appearance and enhanced safety should be proven.**

### **CROSSING GUARDS**

There are currently 31 crossing guards working for the department. They are under the supervision of a sergeant in the traffic bureau. Of these 31 crossing guards, 25 are considered senior guards, in that they receive a higher pay rate and receive health benefits. It is the township's current policy that no more senior guards will be hired. The township will only hire regular crossing guards who will work less than 20 hours per week and not receive health benefits.

Within the township, there are 27 posts for the crossing guards to watch. Of these 27, four are double posts. Whenever there is a crossing guard absence, the extra guards at the double posts are assigned to those areas. If there are more than four crossing guards absent, the officers assigned to the traffic bureau will cover the vacant posts. Each morning, the crossing guards are required to contact the traffic bureau and tell them that they are working. Officers on patrol will spot check the posts to ensure that they are filled.

**Recommendation:**

The township should be commended for eliminating the provision which allowed new crossing guards to receive health benefits. The township should try to negotiate this provision change for all crossing guards. If this were to occur, the savings to the township would be approximately \$126,000 in health benefit costs.

**Cost Savings: \$126,000**

Under the present situation, there are crossing guards at the 27 posts for two hours in the morning (7:00 a.m. - 9:00 a.m.) and for two hours in the afternoon (2:00 p.m. - 4:00 p.m.). The direct salary cost associated with the crossing guards was \$273,874. The LGBR team was told that the majority of the posts have pedestrian traffic from more than just one school, and because of the different opening and closing times, they require a crossing guard for more than just an hour in the morning and afternoon. Below is a chart of the opening and closing times of the schools located in Hillside:

SCHOOL	START TIME	END TIME
Hillside (High School)	7:50 AM	2:51 PM
Hillside (Kindergarten - 8 <sup>th</sup> )	8:30 AM	2:35 PM
Private #1	8:00 AM	3:15 PM
Private #2	8:05 AM	2:30 PM
Private #3	8:15 AM	2:45 PM
Time Between	40 minutes	45 minutes

When looking at the chart, it seems difficult to justify a crossing guard working two hours in the morning and two hours in the afternoon. The review team feels that a more logical explanation of why Hillside has crossing guards for four hours per day is twofold: 1) The bargaining unit successfully negotiated with the township and/or a previous administration wanted to provide health benefits to the crossing guards, so they made them work the 20 hours per week that was needed to receive benefits. 2) It is hard to find people to work as crossing guards, so they guaranteed a minimum number of hours to attract employees. Whatever the reason, the number of hours worked by the crossing guards needs to be changed to a more realistic number.

**Recommendation:**

Hillside should conduct a study of how long crossing guards are needed at the 27 posts, taking into consideration starting times, ending times, pedestrian traffic, etc. This information should provide the township with an accurate account of how many posts are needed and how many hours crossing guards are needed at each. In looking at the starting and ending times alone, it would seem as though 1-1½ hours in the morning and 1-1½ hours in the afternoon would be appropriate hours worked by each crossing guard. If the township were to successfully change each post to three hours per day, a 25% reduction, the savings to the township would be approximately \$68,469. If the study shows that the number of hours worked by the crossing guards is excessive, and the crossing guards are

not willing to give up their benefits and reduce their hours worked, the township should consider a private company to provide crossing guard services. Contracts for this service have been found for \$19.50 per hour. This cost covers all of the associated costs for crossing guards (wages, uniforms, supervision, benefits, etc.). While the cost per hour is somewhat expensive, the benefit of the service is that the municipality can contract for the service for the hours needed. The municipality does not have to worry about whether they can attract people as crossing guards for the hours needed. Another benefit to this arrangement is that the municipality does not have to worry about crossing guard absenteeism. The contractor is responsible for providing the appropriate number of crossing guards. There would also no longer be any reason for a uniformed officer to cover a crossing guard post.

**Cost Savings: \$68,469**

### **Training**

The department is very active in its training efforts. In addition to the mandatory training sessions and certifications, the department affords its officers the opportunity to increase their knowledge and skill by attending other training sessions. These sessions include such topics as computers, interview and interrogation techniques, patrol practices and motor vehicle stops, bias crime and cultural awareness. The majority of these sessions are given free of charge at the Union County Police Academy. According to the department's ranking officers, every effort is made to send the police personnel to the training sessions when they are on duty, to avoid overtime. In 1996, however, the department used 1,2730 hours, or 188 days, of overtime for training purposes. That number is comparable to two of the previous three years. Using an average salary cost of \$34.46 for each hour of overtime, the overtime cost associated with training in 1996 was approximately \$43,885. A captain is responsible for finding the training sessions, making the sessions available to the officers (usually a bulletin goes out two times per year), and recording who attended the sessions.

### **Recommendation:**

While the department tries to limit the amount of overtime used for training purposes by assigning training on days when the officer is working, it still uses approximately 1,273 hours, or 118 days of overtime to cover for staffing shortfalls due to training. Because the officers in Hillside work 120 hours less than the standard work year of 2,080, it is recommended that, if the schedule is not changed, the township negotiate with the police bargaining units to have the officers available for training on days when they are not scheduled, at no additional cost to the township. If the township were to eliminate all of the overtime associated with training, the annual savings to the township would be approximately \$43,885.

**Cost Savings: \$43,885**

**The department, along with the township, should be commended for its approach to training. Both entities seem to realize that the benefits associated with having a more educated police force, such as reducing potential liabilities, currently outweigh the associated costs. The police department should continue to provide as much training to its officers as practically possible.**

#### **Overtime**

In 1996, excluding reimbursable hours due to outside employment, the department used a total of 6163 hours, or 573 days of overtime at a cost of \$212,368. This results, as stated earlier, in an average cost per hour of overtime of \$34.46. The 6,163 hours of overtime used by the department is lower than the previous three years. In 1993, 7,368 hours were used, in 1994, 7,465 hours were used, and in 1995, 6,312 hours were used. Below is a chart summarizing the reasons for the highest amounts of overtime in 1996:

	<b>Patrol</b>	<b>Training</b>	<b>Traffic</b>	<b>Detective Bureau</b>	<b>Desk Supervisor</b>	<b>County Court</b>
<b>1996</b>	2,813.25	1273.50	887.25	883.13	621.38	600.75

The department tries to control the amount of overtime in the department through the use of a “conditional” system in the patrol function. Under this system, for example, only one patrol officer is guaranteed to be given the time off that was requested. If there is another officer on the same shift that wants time off on the same day, it is a “conditional” request. This officer is required to call the department on the requested day to see if any other officer is absent due to sickness, injury, or any other reason. If there is another patrol officer absent, the “conditional” officer must report to work.

#### **Recommendation:**

**While the department should be commended for its use of a “conditional” system and for having the lowest overtime levels in the past few years, LGBR still believes that the department generates a high amount of overtime. A reduction of even 10% could result in a savings of \$16,850 per year.**

**Cost Savings: \$16,850**

#### **Sick Leave**

The department currently has in place an unlimited sick leave program for its uniformed personnel, which entitles them to take as many sick days as they need each year. In 1996, the department averaged 8.8 sick days per person, with 10.4 days average for the patrol officers and 7.1 days average for detectives and ranking officers. In order to try and control sick leave usage and abuse, the department requires doctors notes for any absence in excess of three days and also has a sick leave incentive program. The chief noted that some of the supervisory personnel record sick leave differently, in that they might classify some injury leave as sick leave. As a result, the 8.8-day average might be a little high.

#### **Recommendation:**

**The department should ensure that all departmental leave is recorded consistently and uniformly within the department.**

### **False Burglar Alarms**

During the course of the review, the team approached the chief regarding false burglar alarms. Records reflect that during 1996, there were 3,813 alarms initiated by automatic protection devices that resulted in a police presence. Of these, the chief estimated that 90%, or 3,432, were false alarms. As such, these false alarms represent a substantial problem for the department in that each alarm usually “ties up” an officer or two (depending on time of day) for about an hour. These false alarms take away from the time that an officer can do active patrols and respond to actual problems.

In past years there had been a penalty schedule for false alarms, in order to reduce the time that officers respond to unnecessary, unwarranted events. According to the chief, a prior governing body nullified the penalty schedule. As a result, there is no recourse for the police department in dealing with this problem.

The chief has proposed the following penalty schedule for false alarms to the governing body:

1 <sup>st</sup> False Alarm - 3 <sup>rd</sup> False Alarm:	NO PENALTY
4 <sup>th</sup> False Alarm:	\$50 FINE
5 <sup>th</sup> False Alarm:	\$75 FINE
Subsequent False Alarms:	\$100 FINE

Along with the above schedule, the chief is also proposing a \$10 registration fee to offset the administrative costs associated with starting up the program and to cover the cost of the software purchased to monitor and track false alarms.

### **Recommendation:**

**The review team fully supports the department in its efforts to revive the penalty schedule for false alarms and recommends that the governing body enact the proposed penalty schedule. The penalty schedule should reduce the number of false alarms and increase the time that the department actively patrols the township. Another benefit to the township will be a new non-tax revenue source assessed to those who use (abuse) the system. The review team conservatively estimates that \$65,882 in revenue can be collected in the first year based upon the number of false alarms in 1996, the proposed penalty schedule, and the registration fee. It should be noted that \$18,440 of this revenue is attributed (LGBR estimated 1,844 alarm systems, because the police could not provide data on this item) to the registration fee and should be considered a one-time revenue and the remaining \$47,442 attributed to false alarms will most likely decrease in succeeding years, due the enforcement of the false alarm penalties.**

**Revenue Enhancement: \$65,882**



<b>Summary of Monetary Recommendations Hillside Police</b>	
Purchase of Communications Equipment	\$(65,000)
Reorganization and Staff Reductions	\$176,664
Future Purchase of Vehicles	\$5,500
Eliminate Health Benefits for Crossing Guards	\$126,000
Reduce Crossing Guard Time on post	\$68,469
Eliminate Training Overtime	\$43,885
Reduction in General Overtime	\$16,850
False Alarm Revenue due to False Alarm Penalties	\$47,442
Alarm Registration Revenue	\$18,440
<b>Net Gain to Police Department</b>	<b>\$438,250</b>

## **TAX COLLECTION**

The tax collection office consists of a part-time tax collector and three other full-time personnel: a senior tax clerk and two tax clerks. These personnel are charged with issuing the bills, collecting the tax levies and sewer use charges and processing delinquent accounts on approximately 6,300 tax line items and a similar number of sewer line items. The tax collector works three evenings per week, averaging about eight hours of work per week. When the tax collector is not working, the business administrator acts as the supervisor to the department. Below is a five-year comparison of the tax collection office's expenditures:

<b>TAX COLLECTION OFFICE EXPENDITURES</b>			
<b>YEAR</b>	<b>SALARY &amp; WAGE</b>	<b>OTHER EXPENSE</b>	<b>TOTAL</b>
1997-98 (Budget)	\$95,000	\$6,000	\$101,000
1996-97 *	\$95,204	\$9,179	\$104,383
1995-96	\$103,740	\$7,746	\$111,486
1994-95	\$107,713	\$2,389	\$110,102
1993-94	\$99,624	\$3,433	\$103,057

\* For this year, only the in-year expenditure was recorded (unaudited, the amount paid out of the appropriation reserves is not available yet. There was a high employee turnover in this year with a senior tax clerk leaving the township and the hiring of a new tax clerk.

It should be noted, however, that the above costs are not the true costs associated with the department. In order to achieve a true cost, the costs of direct employee benefits, insurance, utilities, and indirect costs must be factored in. Just adding the costs associated with direct employee benefits (ex. health insurance, longevity, pension, etc.), the total expenditure for the department would increase by approximately \$25,798. However, these numbers do not take into account the estimated \$18,125 in "value added costs" associated with overtime, travel pay, leave allotments, and similar provisions attributable to the tax collection office.

As stated earlier, the tax collection office collects for both taxes and sewer use charges. For FY96-97, the township had a current tax collection rate of 94% on the \$33,177,501 tax levy. This collection rate is just slightly below the state average of 95%. For the same year, the township was only able to obtain a current sewer use collection rate of 85.29% on the \$795,553 in sewer use charges, leaving some \$117,000 uncollected. Tax collections are done quarterly, with the collection dates being the same as statutorily required and sewer collections are only done once a year in October.

In dealing with delinquent accounts, delinquent notices are sent out quarterly on tax accounts, while sewer accounts are not monitored as closely. LGBR believes that this is the main reason for the much lower collection rate for sewer use charges than for taxes.

### **Recommendation:**

**While the current tax collection rate of 94% is quite good, it is still below the state average of 95%. The department should continue its efforts to send out delinquent notices, but do so more frequently than quarterly and take additional steps such as contacting delinquent taxpayers by telephone to obtain a current collection rate that is equal to or exceeds the state average. These steps would of course be in addition to the necessary and timely tax sales and foreclosures. If Hillside can achieve a 1% increase in its current tax collection rate, the resulting revenue increase would be approximately \$331,775. This equates to approximately 11.4 cents on Hillside's current tax rate.**

**The tax collection office needs to be more proactive in its collections of delinquent sewer use charges. Delinquent sewer notices should be sent out at the same time as delinquent tax notices. If the township can achieve a current sewer collection rate of 95%, the resulting revenue increase would be approximately \$79,555. This equates to approximately 2.75 cents of Hillside's current tax rate.**

**These two items total \$411,330, equaling approximately 14.15 cents on Hillside's current tax rate.**

**Revenue Enhancement: \$411,330**

Union County produces tax bills and creates the tax duplicate for the township. Bills are created two times per year and sent back to the township, where they are torn apart stuffed, stamped, and mailed to the residents. Generally speaking, this would seem to be an effective, low cost method of creating and distributing tax bills. There is a problem in Hillside with this arrangement, however. There have been times in the recent past where the tax bills were not received back at the township in a timely fashion, so a 25 day extension was granted to the residents for paying their bills. Three possible reasons were given as to why the bills were late: 1) the township did not turn over information to the county in a timely fashion; 2) the county was slow in effecting a tax rate; 3) the county is ill equipped to effectively produce the tax bills for the municipality. Problems with having to grant a 25-day extension to the residents include disrupting the cash flow of the township, disrupting the workload of the tax collection office, and reducing the amount of time that funds can accrue interest in the bank.

**Recommendation:**

**The township should make every effort to correct the late issuance of tax bills. This could include discussions with the county as to what improvements are needed in the process or, if the county is just not equipped to do the work, consideration should be given to having a private company produce the tax bills.**

As previously stated, there is a part-time collector presently employed by the township. This person works an average of eight hours per week. There is very little interaction between the tax collector and the tax collection staff who work during the normal working day. As a result, there is little chance for the tax collector to guide the employees through tough situations, provide training and provide general oversight. The tax collection staff expressed the opinion that it would be beneficial to have a full-time tax collector.

**Recommendation:**

**The review team feels that the workload in the Township of Hillside warrants the hiring of a full-time tax collector, to provide appropriate guidance and supervision to the tax collection office. The current system of the tax collector working in the evening does not provide for the free flow of information between the tax collector and the regular full time staff. We recommend that the best course of action would be to create a combined tax collection and tax assessment office, but if this does not occur, the cost of a full time tax collector should be offset by an equal reduction in clerical assistance.**

It was expressed to the review team that computer training is needed in the tax collection office and most likely in the other areas within township hall. According to the employees, there has been no computer training on the existing software. This results in the employees trying to teach themselves, which will almost certainly end up with the system not being efficiently or effectively used.

**Recommendation:**

**The township should ensure that all the municipal employees are appropriately trained on the computer system. A computer system is not worth the associated costs if it is not going to be used efficiently and to its fullest potential. Before enlisting the resources of a private company, the township should confer with the Hillside Board of Education to ascertain whether there are district personnel who can provide the appropriate training to the municipality in some sort of shared service arrangement.**

## TAX ASSESSMENT

The tax assessment office consists of a part-time tax assessor and one computer operator/assessing clerk. These personnel are charged with maintaining the assessments, defending the average 125 tax appeals per year and doing fieldwork on approximately 6,300 tax line items in the township. The tax assessor works two days per week, averaging between 12 and 15 hours of work per week. Below is a five-year comparison of the tax assessment office's expenditures:

YEAR	SALARY & WAGE	OTHER EXPENSE	TOTAL
1997-98 (Budget)	\$66,000	\$2,000	\$68,000
1996-97 *	\$64,250	\$1,597	\$65,847
1995-96	\$89,569	\$2,959 \$497,500 (Revaluation)	\$92,528 \$497,500
1994-95	\$83,847	\$1,142	\$84,989
1993-94	\$78,212	\$2038	\$80,250

\* For this year, only the in-year expenditure was recorded (unaudited), the amount paid out of the appropriation reserves is not available yet. The reason for the large decrease in salary and wage in 1996-97 was that one employee was transferred from this office to the urban enterprise zone office.

It should be noted, however, that the above costs are not the true costs associated with the department. In order to achieve a true cost, the costs of direct employee benefits, insurance, utilities, etc. must be factored in. Just adding the costs associated with direct employee benefits (ex. health insurance, longevity, pension, etc.), the total expenditure for the department would increase by approximately \$8,850. These numbers do not even take into account the estimated \$10,845 in "value added costs" associated with overtime, travel pay, leave allotments and other benefits attributable to the tax assessment office.

Under current assessments, the township is at an *extremely low 31.90%* of true/equalized value. As a result, the township is presently undergoing a revaluation of its property assessments. The township has hired a private contractor to provide this service at a budgeted cost of \$497,500.

It is readily apparent that the present staffing of a part-time tax assessor and one full-time computer operator/assessing clerk is not appropriate for the workload. Under present conditions, in which the part-time tax assessor does all of the inspections, the office is barely able to keep up with the necessary inspections that are required as a result of building permits, requests and tax appeals. Besides the 75 to 100 required inspections, the office is not able to do any other type of inspection, so as to ensure the accuracy of the township's assessments. The team also reviewed the number of tax line items in accordance with standards published by the International Association of Assessing Officers (IAAO). This analysis indicates a need for a full-time tax assessor.

## **Recommendation:**

**The review team feels that the workload in the township of Hillside warrants the hiring of a full-time tax assessor. We recommend this take place in a combined tax collection and tax assessment office, but if this does not occur, the hiring would warrant some sort of reduction in clerical assistance.**

During the review, the team became aware of several instances that dramatized the importance of keeping up to date with inspections and assessments by this office. It is a statutory requirement for the township to collect property taxes for not only the township but for the local school district and the county as well. While Hillside has a collection rate of approximately 94% that still leaves 6% of property taxes uncollected. The statute further requires that the township must pay the county and school district 100% of the tax levy even though it may never be collected. The amount that is not collected is the full responsibility of the township to make up by the municipal tax levy through the reserve for uncollected taxes. In Hillside we determined that there are several parcels that are classified as abandoned, resulting in no taxes being collected on these properties. While there are several in Hillside in this category the following are two examples as being representative of the issue:

- The first is Block 1209 Lot 8. This property carries an assessment of \$214,000 for land and \$170,000 for improvements for a total of \$384,000. The building burned on April 29, 1990 and the collapsed rubble from this fire is still present. No taxes have been paid since prior to 1989. The taxes due on this property in 1997 were \$18,816 for local purpose tax and 25,881 for school and county taxes for a total of \$44,697.
- A nearly identical situation existed on Block 1209, Lot 7 directly adjacent to the above. The amount billed for this property was \$54,390 for local purpose tax and \$74,814 for school and county taxes for a total of \$133,204, in 1997. This was on an assessed value of \$203,400 for land and \$906,600 for improvements for a total of \$1,110,000. No payment had been made on this property since prior to 1989. The team was also told that both of these properties contain some form of pollution the extent of which is unknown at this time.

In both of these cases the township was required to pay the county and school district a total of \$100,695 out of the reserve for uncollected taxes that is funded by the local purpose property tax. Since no tax was received on either property the local purpose tax was required to make up the entire loss of \$177,901.

The property located at Block 1209 Lot 7 is currently boarded up and as mentioned above the ground is contaminated. According to the NJ Division of Taxation (NJDT) some adjustment should have been made locally between 1989 and 1997 to reflect the condition of the building

and the contamination. In this regard NJDT has assumed a 50% reduction to cover the period from 1993 to 1997. The illustration below represents the additional monies paid to Union County and the local School District.

<b>Property Located at Block 1209 Lot 7</b>			
<b>Year</b>	<b>Actual Payment</b>	<b>Pmt. at 50% Reduction</b>	<b>Savings</b>
1993	\$64,602	\$32,301	\$32,301
1994	\$67,488	\$33,744	\$33,744
1995	\$67,600	\$33,800	\$33,800
1996	\$70,596	\$35,298	\$35,298
1997	\$74,800	\$37,400	\$37,400
<b>Total</b>	<b>\$345,086</b>	<b>\$172,543</b>	<b>\$172,543</b>

The property located at Block 1209 Lot 8 had a fire in April 1990 which left the building void of any value. In addition, as in the prior example, the land contains an unknown type of contamination, and NJDT indicated that some adjustment should have been made locally between 1989 and 1997 to reflect the condition of the building and the contamination. In this regard NJDT assumed a \$100,000 assessment as correct to cover the period from 1993 to 1997. The illustration will only represent the additional moneys paid to Union County and the local school district.

<b>Property Located at Block 1209 Lot 8</b>			
<b>Year</b>	<b>Actual Payment</b>	<b>Pmt. at 50% Reduction</b>	<b>Savings</b>
1993	\$22,350	\$5,820	\$16,530
1994	\$23,347	\$6,080	\$17,267
1995	\$23,385	\$6,090	\$17,295
1996	\$24,422	\$6,360	\$18,062
1997	\$25,881	\$7,740	\$18,141
<b>Total</b>	<b>\$119,385</b>	<b>\$32,090</b>	<b>\$87,295</b>

The total excess payment (savings) in school and county property taxes totals \$259,838 on these two properties from 1993 to 1997 for an average \$51,967 per year. Therefore, \$51,967 had to be raised each year to satisfy what was an excessively high assessment. The impact of this illustration is evident. In both cases the local tax assessor could have reduced the assessment to a level that would mirror true value more closely. In addition to that action, the township should have foreclosed on both of these properties.

### **Recommendation:**

**The team stresses that it is an essential part of local government to continually monitor the condition of property in a community from a variety of viewpoints. It is further evident that while the prime responsibility of this rests with the tax assessor, the tax collector,**

construction official, economic development director and business administrator must continually be a part of this process. The advantage of this is to open and maintain lines of communication that will keep all parties informed of changing conditions.

We assume that the township may not have wanted to take title to contaminated land due to the liability exposure that could result. However, they could now take title without fear of liability, and grants are available, from DEP to pay for the cost incurred to ascertain the extent of any contamination, and develop a remediation plan. Once this is determined, low interest loans are available from the state and they could also utilize urban enterprise zone funds to accomplish any clean up that is necessary. The township could then auction the property placing the property back on the tax roles.

**Cost Savings: \$51,967**

The review team often noted that the tax assessment office was closed to the public during the normal working day. In trying to determine why this occurred, the team was told that ever since the employee was transferred from the tax assessment office to the UEZ office, the tax assessment office often had to close down while people were away for lunch, or absent from work. This occurs because there are only a few hours a week where there are two people for office coverage.

#### **Recommendation:**

It is to the public's benefit to have all offices open during normal working hours. We suggest that the township consider cross training and staggering the lunch hours of staff from other departments to ensure that no municipal office is closed during normal working hours, or when departments with limited staff are experiencing illness, vacation, or other forms of authorized absences. We recommend in this case, however that the best long term solution of this particular situation is to consolidate the tax collection and tax assessment offices.

### **COMBINING TAX OFFICES**

As stated above, there are some issues facing the tax collection and tax assessment offices. There is little interaction with the part-time tax collector and there are many times in which the tax assessor's office is closed due to employee absences, lunch breaks, investigations, and similar circumstances. It was evident that the part-time assessor, with one assessing clerk, is not keeping up with the workload.

#### **Recommendation:**

We recommend a consolidation of the tax offices in one physical location and sharing of office staff. The benefits are numerous: 1) Residents only have to go to one place for all tax questions, 2) The offices will not have to be closed to the public during normal business hours, or vacations and time off, 3) There will be more knowledgeable employees available, due to cross-training efforts, 4) There should be increased efficiency and effectiveness, in

that there will be more employees in the office to handle “peak” tax periods (i.e. when taxes or sewer payments are due). The increased work associated with the tax assessment office should reduce any “down-time” due to the cyclical nature of the tax collection office, and 5) There will now be an opportunity for the business administrator to have his own office and be more accessible to the public.

We propose that the office be located in the present tax collection office. This location is more accessible to the public and should enhance efficiency. The staff would consist of a full-time tax collector, a full-time tax assessor, and three full-time, fully cross-trained clerks, with two of those having the title and principle duties of a tax clerk and one having the title and principle duties of an assessing clerk. Under this arrangement, there will be approximately 12 to 15 more hours worked between the two offices and substantially more time worked by the licensed professionals. While the proposed organization is more costly than present, we feel that under the circumstances, this is a necessary cost. The increased costs should result in the tax services being much more efficient, effective, and responsive to the public.

**Value Added Expense: \$59,471**

## **URBAN ENTERPRISE ZONE/ECONOMIC DEVELOPMENT**

Hillside Township was recently named one of New Jersey’s Urban Enterprise Zones. This designation brings with it numerous tax advantages and business incentives for private enterprises physically located within the boundaries designated as an Urban Enterprise Zone. Some of these advantages include tax incentives for any firm hiring individuals that meet certain employment criteria, the abatement of sales tax on personal property purchased by a qualifying business and the ability to charge 3% sales tax by qualifying retail establishments for personal property sold within the zone. A particular advantage to the host community of an Urban Enterprise Zone is the return to the community of the 3% sales tax collected within the zone. This obviously can result in thousands of dollars becoming available to the host community. In order to utilize these funds, Hillside must first submit a proposal to the New Jersey Urban Enterprise Zone Authority indicating the purpose for which the funds are requested. Generally speaking, these funds are to be utilized by the community in a manner that will create new employment or in some manner, enhance the economy within the zone. Hillside, until the designation as an Urban Enterprise Zone, was doing little in the area of economic development or employment enhancement.

**Hillside is commended for the establishment of an Urban Enterprise Zone (UEZ) and the staffing of this office with an executive director who had spent several years in private industry, and the necessary clerical staff. Hillside is further commended for the strides that have been made by this office in establishing a viable Chamber of Commerce and the communication that is now in place between the business community and the township.**

This office is also compiling a list of all available properties that have the potential of enhancing Hillside’s business community, contributing to the tax base, and providing jobs to Hillside residents.



It should be noted that the funding of this office is derived from the sales tax revenue derived from the zone and does not impact upon the property tax rate for the township.

**Recommendation:**

**Hillside is encouraged to aggressively pursue a path of economic development utilizing the variety of tools available. These should include, through the use of UEZ funds, low interest revolving loans to businesses located in, or contemplating locating in Hillside. Facade grants and other grants to certain businesses have proven to be particularly effective in stimulating new construction, renovations and job creation in other UEZ areas. In addition, numerous promotional avenues including but not limited to print media, videos, interactive multimedia computer disks and regional and national advertising are eligible activities that should be given serious consideration. Infrastructure improvement projects, upgraded lighting, enhanced traffic circulation, upgraded parking, and beautification of the community should be given a high priority. The team discourages the utilization of UEZ funds in such a manner that could be perceived as merely subsidizing general operating expenses or salaries. In fact this is a prohibited practice under UEZ regulations. Far greater benefits to Hillside will result from establishing long term incentives to businesses that will result in stabilizing the tax base and enhancing employment.**

## **FIRE DEPARTMENT**

The Hillside Fire Department is a paid service with 47 total staff. This includes the fire chief, four deputy chiefs, ten fire service supervisors (captains), 30 firefighters, one civilian senior repairman and one senior clerk typist.

The fire department provides fire services, emergency medical services (EMS), and fire inspections. The fire department operates two fire stations, to cover Hillside's 2.7 square miles, one in the southern half and one in the northern half of the community.

Over the past four years, the average number of calls per year was 2,658. These calls are distributed as follows:

<b>Fire Department Activity in Last Four Years</b>		
<b>Type of Call</b>	<b>Average No of Calls</b>	<b>Percent of Calls</b>
Working Fires	136.8	5.1
Hazardous Conditions	284.5	10.7
First Responders	190	7.2
Other Calls	351	13.2
Ambulance	1,695.8	63.8
Total	2,658	100

Fire service is expensive for a variety of reasons. In addition to salaries, wages, fringes and everyday operating expense and upkeep, new fire apparatus costs can range from \$250,000 to \$350,000. In a community like Hillside, apparatus can last 15 years for an average annual capital cost of \$23,000 to \$32,000 per year. The cost of building, operating, and maintaining fire stations is also high because of the specialized nature of the structure.

The total annual cost to operate the fire department in Hillside is approximately \$3.8 million. This includes salary, longevity, fringe benefit, and about \$36,000 in non-salary costs for items such as training, vehicle service, and supplies. It does not include any capital costs for buildings or equipment nor does it include any of the normal operating expense of maintaining the two firehouses. With 47 total staff, this is equivalent to an average of approximately \$80,000 per position.

As with all of the departments, the team worked with, itemized financial information was difficult to obtain and details on purchases were for the most part unavailable. This issue is discussed more fully later in this report.

The department operates the following fire apparatus: one engine currently staffed by one captain and three firefighters; and one quintuple truck which is an aerial apparatus equipped with a pump which can operate as an engine, currently staffed by one captain and three firefighters. Additionally, the on duty-deputy chief is provided with a response unit. The department also operates an ambulance which is staffed by two firefighters with emergency medical technician (EMT) certifications. The department also maintains a response vehicle for the chief, vehicles for the fire official and training officer, a maintenance truck, a reserve engine, and a reserve ambulance. Overall the apparatus was found to be in generally fair condition with the exception of the newest units which were in very good condition, and the reserve engine which is in poor condition.

During the course of the review the team found the staff in the fire department very cooperative and helpful. All requests for information were attended to promptly. However, housekeeping within the two firehouses left room for improvement.

## **Staffing and Fire Station Analysis**

The team compared the number of fire service personnel and the number of stations to similar communities using the following criteria: total population; population density; total land area; location in the state; housing characteristics; and, the fire risk rating, which the insurance industry uses for assessing fire risk in each New Jersey municipality.

It is important to note that this comparison is approximate. We did not take into account the unique technical aspects of each fire issue in each location. For example, Hillside has a disproportionate number of industrial parcels compared to the other municipalities, which could require greater resources.

There are approximately nine communities with roughly similar characteristics as illustrated in Appendix C. The number of fire staff and the number of stations in Hillside were comparable to these other communities. In terms of staffing, the data indicates that the average number of staff per 1,000 population for these paid departments is 2.10, Hillside's is 2.15. In terms of the number of miles covered per station, the average was 1.8; Hillside's is 1.4, which is lower, but not by a significant amount.

Based on the above analysis, the team believes that the current number of fire personnel and stations is comparable to similar communities in the area.

## **Personnel**

From a personnel perspective the fire department offers some immediate concerns regarding title and salary. Both these areas will be addressed, but this section will concentrate mostly on duties and classification.

As mentioned above, Hillside has two fire houses on opposite sides of the township. It employs a chief, four deputy chiefs, ten captains, and thirty firefighters. Included is a recommended table of organization, shown as Appendix D, eliminating three of the deputy chiefs and seven captains. This recommendation follows discussions with the chief and a review of their duties and responsibilities. It appears that the administrative duties assigned to the deputy chief(s) are relatively minor when compared to the job specification for deputy fire chief. These individuals are not fully responsible for the department in the chief's absence and do not review administrative areas involving budget, personnel, and procedures. Indeed most of their function is supervisory in nature with direct oversight of captains. This organization suggests some high level layering of functions, which are not based on the size and/or complexity of the force, but rather on tradition and possibly salary and seniority concerns. The review and suggestions found in this section are based on title and job specifications inclusive of size and supervisory demands. The restructuring brings the level of responsibility into direct supervision rather than minimal administrative functions. However, we do not recommend layoffs of these individuals but propose more firefighter coverage and the creation of six lieutenants.

The current organizational structure reflects a four platoon system and a schedule of 24/72, or a full 24 hour day of work followed by three 24 hour days off. According to the NFPA Fire Protection Handbook eighteenth edition, the four platoon system requires 25% more personnel

than the three platoon system. This current schedule allows for approximately 2,196 hours in station per firefighter per year or about 42 hours per week, on average. If we allow for eight hours of sleep time this reduces our usually available time to approximately 1,450 hours per year based on a sixteen hour work day. This compares with a forty hour work week of 2,080 available hours per year for the average worker. The proposed structure reflects a three platoon system utilizing a schedule of 24/48, or a full 24 hour day of work followed by two 24 hour days off rather than three under the current structure. This arrangement provides substantially better coverage, and therefore enhances productivity, by having more firefighters available at any given time. This change would cause firefighters to be in station an average of 2,928 hours per year, or an average of about 56 hours per week. Under this schedule if we allow for eight hours of sleep time this equates to 1,866 hours available time per firefighter, instead of 1,450 hours. With a 53 hour maximum work week permitted under federal labor law (FLSA), however, each member working more than 53 hours in each 28-day work period would exceed the allowable maximum by three hours and would be eligible for extra compensation, except when the work cycle is broken by absences. This additional compensation could be avoided by the utilization of what is commonly referred to in the fire service as a mandatory “kelly day”. This is simply planned extra time off scheduled during the 28-day cycle that is designed to compensate for the extra time involved. Despite additional hours, we recommend that the municipality retain the current salaries and demotion rates (rates as restructured down without an increase in pay to compensate for the additional hours) as suggested via negotiation. These additional positions at the lower level should enable the township to provide more coverage with less administrative staff. Under this scenario, the township would retain a chief and a functioning deputy chief who does take charge in the chief’s absence and works closely with budget and administrative concerns. The new table of organization continues to reflect an individual in charge of fire inspection/prevention (we suggest Fire Official/Fire Subcode Official UFD). This individual’s title has been changed to more appropriately reflect job responsibilities and also allows response to fires as necessary. We are consolidating the training needs under the one deputy chief. The six new positions of lieutenant are in addition to three captains who would command both houses and be the incident commander upon arrival at an emergency. The captains maintain control over the tours at each house and also retain responsibility for its complement of firefighters. Lieutenants are created to directly supervise the remaining personnel assigned to each truck/house and serve as incident commander at company level emergencies. It is understood that this position will need to be established by ordinance as well as negotiated into Hillside’s contracts. For purposes of this report, a median figure was created between the captains and firefighters to estimate savings on total position value.

It would also appear that the use of volunteers has long since ceased. The chief has indicated that coverage is sometimes a problem and his budget has not reflected additional staffing needs or capital improvements. Since it also appears that the township is unlikely to increase staffing levels, the suggestion of a volunteer contingent is proposed as an alternative to budgeted and fully funded positions. It is true that many municipalities are experiencing difficulty in maintaining volunteer forces but this should not cause the idea to be abandoned when the federal government establishes “volunteerism” as a governmental priority. It should be the responsibility of the chief and deputy chief to reestablish a volunteer force to better serve the community. In this era of volunteerism, it must be promoted at this level. Finally it should be pointed out that Hillside is a

culturally mixed community; public safety concerns should attempt to reflect community ratios of population. Currently Hillside has no women or minorities in its fire service.

Hillside fire salaries for those individuals within the ranks were compared with some surrounding communities of comparable or slightly higher populations. A review of those findings indicates that Hillside may be compensating their ranking fire employees at levels between five to ten percent higher than some of their neighboring communities. Bloomfield, Rahway, and Plainfield were surveyed to identify comparable costs since their populations were somewhat similar. The amounts stated are reflective of a possible ten percent reduction in these levels only and present some real tough areas of negotiation and give backs in order to forestall any layoffs. Discussions suggested that the additional hours proposed for the reorganized department might offset this actual loss of money in the ranking titles and therefore negate the need to reduce salaries. However, the recommendations discussed below suggest real savings in their current salaries via the ten percent reduction in current salary guidelines. Salaries in towns such as Bloomfield, Plainfield, and Rahway were lower than those found in Hillside. Respectively Bloomfield paid its fire director \$82,349, its deputies \$75,965, and its captains \$66,151. Plainfield pays its chief \$79,280, its deputy \$78,798, and its captains \$67,937. Rahway pays its chief \$76,587 and battalion fire chiefs \$69,113. All of these towns are significantly greater in population but pay less than Hillside for its fire personnel. The salaries in Hillside reflect the following gross amounts: fire chief \$87,311, deputy chief averaged to \$90,750, and captains averaged to \$75,676. While incentives are not averaged into the surrounding municipalities, base salaries are still comparatively lower, thus suggesting give backs as an alternative to other severe cuts.

### **Recommendations:**

**The recommended table of organization indicates that savings of approximately \$158,763 could be achieved through reorganization. The proposed structure reflects staffing as well as scheduling changes. This savings is based on the current 45 person structure already established within the firefighters ranks (the current T.O. reflected two vacancies which appear to have been budgeted to 1997). We further recommend the inclusion of a *mandatory* “Kelly Day” that will insure compliance with the FLSA, and legal counsel review regarding compliance with N.J.A.C. 40A:14-49.**

**Cost Savings: \$158,763**

**Give-backs of 10% would result in savings of \$111,356. This is reflective of personnel in the ranks only (this estimate is based on the current organization without any change and reflects the need for more realistic salaries and the need to include capital improvements and maintenance within the current budget). It is possible some of these savings could be spent on capital improvements and maintenance.**

**Cost Savings: \$111,356**

A comment should be made regarding the two civilian positions within the fire department. The current clerical support position is probably misclassified and should be titled as administrative clerk which reflects duties more closely associated with the clerical support provided to a department head.

In addition to the clerical support, the fire department employs a maintenance person to support both general maintenance and hydrant maintenance. We do believe this position represents a need within the municipality, but does not necessarily have to be supported by the fire department. Rather we believe this function could be undertaken by the public works department saving additional funds for direct fire suppression activity.

### **Recommendations:**

**Remove the maintenance function from the fire department for savings of \$75,934. Establish the title of administrative clerk as support to the chief via negotiation if necessary.**

**Cost Savings: \$75,934**

**Volunteers need to be reconsidered and worked into coverage.**

**Equal employment opportunities should be pursued immediately. The department is not currently reflective of cultural ratios in the community. It is suggested that Hillside seek to integrate its fire department with women and minorities through aggressive recruitment campaigns involving the New Jersey Department of Personnel if necessary to achieve a more balanced workforce.**

### **Dispatch - 911**

The township currently plans to upgrade its public safety telecommunication area through the purchase of new, more modern equipment. It is becoming increasingly evident that services shared in this area could offer substantial savings in personnel and equipment and not compromise service quality as evidenced by places such as Camden County. While certain issues can be raised about experience and home rule, electronic advances have made significant strides in improving emergency service such as EMS, fire, and police. The entire county should consider these comments. As an alternative, the township may wish to consider bidding these services to private concerns since it appears the EMS responsibilities are already contracted to some minor degree as they apply to dispatching. Currently 911 call-takers or public safety telecommunicators forward emergency medical calls to a private service which in turn may dispatch emergency medical services if the need arises. An expansion of this service to provide additional 911 coverage might be considered rather than invest in more sophisticated equipment. At the present time this coverage by the private vendor is limited to transfer and dispatch of emergency medical services and does not include other areas of public safety.

From an historical perspective, Union County first employed a civilian 911 coordinator in 1991 following state mandates to get the system up and running. At the time, the 911 system was initially imposed, the county made some efforts to discuss a regional approach to Public Safety

Answering Points (PSAP) and Public Safety Dispatch Points. A public safety telecommunicator law signed in 1989 provided for additional certifications for individuals working in these areas and made the potential regionalization idea somewhat more realistic from a human resource perspective. However, initial funding concerns involving “cap” restrictions did not facilitate a regional effort under very early initiatives. The 911 potential regionalization idea was further prompted under state guidelines establishing 911 coordinator positions at the county level to insure some minimum guidelines and eventually establish facilities in all of the 21 municipalities in Union County. According to current 911 operatives within the Union County Police Department which now has oversight capabilities for the county, initial meetings held with local officials discovered many roadblocks such as: 1) funding; 2) local control; 3) response time; 4) training; 5) policing concerns; 6) equipment; 7) human resources; and 8) facilities. Generally these areas could be summarized under “home rule,” cost, and location.

Subsequent changes in funding and guidelines have made “cap” considerations less burdensome. However, initial improvements, upgrades, and local control continue to be questions which counties must struggle with. Hillside is about to expend substantial funds in this area to make improvements to their 911 electronics. This suggestion is in essence directed to the governing body to take a look at a long-term regional solution. Currently the Union County Police Chief acts as the 911 coordinator for Union County. The county employs one public safety dispatcher who acts as a “back-up” to four communities within the county who may be too busy to handle the 911 calls during an extreme emergency. The county stresses that its own location and resources currently could not provide for the services in any local arrangement without extensive modifications and improvements and a great deal of cooperation from a majority of the communities within Union County. This does not mean however that the effort should not be undertaken to achieve a degree of cooperation although no such effort has been attempted for nearly the last five years.

Absent county initiatives, this idea could also be pursued with surrounding communities through inter-local services agreements as already exist in many smaller communities mostly in the southern part of the state. These agreements are contractual in nature and usually avoid extensive capital investment by one of the communities. This may also prove to reduce costs in the face of vendor contracts, which are operating on profit margins. Regionalization or local agreements seem to be real alternatives to constant upgrades and personnel questions and appear to offer timely solutions to real emergencies if Camden County can be used as an example. “Home rule” seems to be the major obstacle to such a venture, but taxpayers might be well served to investigate this potential solution.

### **Recommendation:**

**Attempt to provide shared services for 911 callers in Union County garnering a benefit for both the township and the county. Projected savings would be extremely difficult to analyze at this time but savings in staffing, equipment, training, and more efficient service would be significant.**

Hillside has achieved a degree of success with EMS direct services via the firefighters. It appears that 90% of all firefighters are now EMS trained and are available for ambulance service on a 24-hour basis. Based on numbers provided, 71% of total calls over the past four years involved EMS/first responder services. Despite this enhanced productivity, coverage remained the same with exception of additional firefighters. This is a best practice, which should be copied by other forward thinking municipalities.

### **Training**

Currently a captain in charge of training is responsible for the planning and the administration of the fire department's training program. This program insures that personnel meet mandated state training requirements (PEOSHA), as well as the State Firefighter I Certification Program. He is also responsible for maintaining all fire department members' training records. The ease and accuracy of maintaining training records can be enhanced by specialized software in the new township networked computer system recommended elsewhere in this report.

At the present time, the department appears to be fulfilling the needs of the department in regard to adequate training. As mentioned under the proposed table of organization, training responsibilities would be placed under the auspices of the deputy chief. It is the team's understanding that the captain currently in charge of training will be retiring shortly and this would enable a smooth transition to the new arrangement.

### **Recommendations:**

**The township is encouraged to consider implementing a cooperative agreement with neighboring departments to share instructors and equipment. This type of an arrangement could be mutually beneficial by grouping training and reducing overall training costs for all departments involved. However, it may involve some creative thinking when it comes to choosing a time and location that will be appropriate for agencies involved. This will be particularly helpful when the training function becomes the responsibility of the one deputy chief.**

**The team also recommends that the township include specialized software for training programs and training records in the proposed networked computer system.**

### **Safety Officer**

The position of a department safety officer intended to review all applicable regulations, department SOP's and department policies, as they relate to the safety of all members of the department both at incidents and in station should be given serious consideration. This person should further insure that all policies in effect are being followed.



## **Recommendation:**

**The position of a department safety officer should be established. An existing member of the command structure without additional compensation could fill this position. It should be the responsibility of the chief to delegate this function to a member of the existing command structure.**

## **Capital Planning, Capital Improvements and Maintenance**

Proper capital planning, and maintenance for fire services is essential and would enable the township to purchase appropriate modern equipment, avoid costly emergency repairs, properly maintain its buildings, and more accurately present its true financial picture by showing the amount of funds required to meet long term capital needs.

A capital plan for replacing fire trucks is particularly important because of their high costs. A new, Class "A" pumper could potentially cost from \$250,000 to \$350,000. The township maintains two first line vehicles, one in each house. These consist of: one 1987 Pierce engine and one 1992 Pierce quintuple truck. These two pieces of apparatus are in very good condition. One reserve engine, a 1970 Mack, in very poor condition and due for replacement, is maintained. This equipment represents an investment of \$500,000 to \$700,000. These trucks have the potential of lasting about 15 years in a community like Hillside. By staggering these purchases, Hillside's yearly capital replacement costs for these trucks could range from \$23,000 to \$32,000 per year.

Fire apparatus appears to be receiving appropriate preventive maintenance, however there does not appear to be a routine preventive maintenance plan in effect. Tests on equipment such as ladders are conducted, and at this time appropriate testing has been completed. Again, however there does not appear to be a uniform policy or standards relating to testing of apparatus, ladders, hose, etc.

Discussions with the fire chief and tours of the two fire houses indicated a need for capital improvements and maintenance, such as planning for the purchase of a new pumper and building repairs and improvements.

The need for capital improvements and repairs in the fire houses is most obvious in the Hollywood Avenue, or main, station. Long-term leaks from the upstairs bathroom have deteriorated the ceiling and have caused a serious health, and safety hazard, and may be compromising the structural integrity of the building. It is apparent that a roof replacement will become necessary in the near future as well. Diesel fumes permeate living quarters in both firehouses and neither firehouse is equipped with a cooking fire suppression system as required by the New Jersey Uniform Fire Code N.J.A.C. 5:18-4.7(g), or smoke detectors in or near the sleeping quarters. This is particularly disturbing when one considers that representatives from this agency are responsible for enforcing this code.

The Hillside Fire Department does not have a capital improvement plan that is properly funded either for its buildings or for replacing fire equipment.

### **Recommendation:**

**Hillside should develop and fund a capital and maintenance plan for maintaining fire stations and purchasing needed equipment. It would be advisable to utilize available staff, including firefighters, to perform building repairs and maintenance as much as possible. The team estimates the annual expenditure for fire truck replacement, alone, to be between \$23,000 and \$32,000 per year, for new apparatus. However, an alternative to refurbish existing apparatus or purchase used but already refurbished apparatus could also be considered. This would reduce capital outlay by a considerable amount. Additionally a routine apparatus preventive maintenance program should be implemented as well as a uniform policy or standards relating to the testing fire department equipment.**

### **EMERGENCY MEDICAL SERVICES**

The township's fire department operates the Emergency Medical Services (EMS). About 90% of Hillside's firefighters are certified as Emergency Medical Technicians (EMTs) and all of the EMTs are firefighters. Therefore, for this section the term firefighter and EMT shall be synonymous. EMTs receive a 6% salary differential for the particular shift they are assigned to ambulance duty in addition to their normal salary. All EMT training is provided to the firefighters at no charge and they are compensated for the time spent in training. In providing this service, Hillside utilizes one ambulance, and has an additional one in reserve. Over the past four years, the fire department averages nearly 1,700 EMS calls per year. The township's policy is that following the provision of this service, the township bills individuals that utilize this service. Total collections have amounted to approximately \$100,000 per year.

### **Recommendation:**

**The township should seek to have the provision of paying firefighters a 6% premium for ambulance service removed from their contract. The practice of responding to EMS calls is a standard service offered by the fire department and firefighters should not be entitled to additional pay for the provision of this service. An alternative to removing this item in its entirety would be to negotiate this service at a flat fee, of say \$400 per EMT, per year, which has been accomplished in other parts of the state. This would reduce the specified cost savings by \$16,000.**

**Cost Savings: \$136,306**

Billing has been contracted to a private vendor. The Emergency Medical Technicians (EMTs) obtain the necessary information from patients for proper billing such as name, address, Medicaid or Medicare number, insurance company, and policy number. This information is then sent to the billing company for collection. The vendor, who coordinates with the fire department, contacts insurance companies, Medicaid, Medicare, and patients who have no insurance in order to obtain payment for the services rendered.

The township should be able to collect from most individuals who receive ambulance services. This is because the elderly or poor often have Medicare, Medicaid, or welfare. Others may have

private insurance or other resources to pay for this service. The only group that the township should have difficulty collecting from are those who are not on Medicare or Medicaid, or who have inadequate insurance or resources. The billing company estimates that the uncollectable accounts represent only about 10% of all billings. However, based on reviews of other communities and discussions with experts in the field, the best overall collection rates the team is aware of range from 60% to 80%.

The team reviewed the collection rate for the eight most recently completed months (December 1996 - July 1997). Hillside's overall collection rate for this period was 48.1%. Discussions with a private vendor who operates ambulance billing in New Jersey, and other experts in ambulance billing, conservatively estimate that a township such as Hillside should be able to collect 60-65% of its billings. If Hillside could raise collections to this level, revenue would increase by \$23,000 to \$33,000 per year, equating to a 25% to 35% increase.

There are several reasons why the collection rate is lower than the team feels it should be. First, EMTs obtain limited or inaccurate billing information from patients. This is often viewed as the major source of the low collection rate. However, obtaining patient information is often problematic in areas other than Hillside. For example, hospitals sometimes find it difficult to get accurate patient information. We understand that some patients can be in the hospital for days before accurate billing and insurance data is obtained. We further recognize that some people intentionally give inaccurate or false information to the EMTs.

The second reason for a low collection rate is that the township has a weak collection policy. Hillside is reluctant to aggressively pursue collection, or take citizens to court to collect for ambulance services. Past practice has been to send out three bills and if no payment is received, the department essentially writes off the amount. A balance must be struck. On the one hand, the township needs to ensure that those who have insurance or can afford to pay do so, and for those who are unable to pay, the township should direct them to the proper program for assistance. The team has been told that some EMTs feel that there is little point to gathering accurate patient information because the township does not follow up to obtain payment.

The township has made some attempts to improve its collection rate. First, the township is reprimanding EMTs for not gathering accurate data. The EMT supervisor acknowledges that this has been a major problem in the past. However, the supervisor indicated that he is addressing this problem by reviewing the quality of information obtained from EMTs and training them on how to increase the accuracy of patient information. We commend the fire department for trying to increase the low collection rate in Hillside. However, this problem has existed for a year, it has been caused by a multitude of factors, and the reasons for the low rate have not been documented by the township.

The success in increasing the collection rate will be partly dependent on the governing body's support of the fire department toward a common goal of maximizing township revenues while addressing the needs of those who are truly unable to pay for ambulance services. Moreover, specific standards have not been established to measure success in obtaining accurate information

and achieving a higher collection rate. Without this commitment the low collection rate is likely to continue

#### **Recommendation:**

**In order for the township to increase annual revenue from \$23,000 to \$33,000, the township leaders need to provide direction and support to the EMS unit. They need to clearly state their commitment to maximizing the township's collection rate for ambulance service while addressing the needs of those who are truly unable to pay. In addition, they should establish standards and policies to measure success in achieving a higher collection rate. The fire department should report monthly to the business administrator with documented progress towards an increased collection rate.**

**Revenue Enhancement: \$28,000**

While Hillside is charging for mileage and oxygen it is not charging for cervical collars and nasal cannulas.

**EMS should begin billing for all allowable reimbursements. Adding cervical collars and nasal cannulas should increase revenues by about \$1,000 per year.**

**Revenue Enhancement: \$1,000**

#### **FIRE SAFETY INSPECTIONS**

One captain in the fire department serves both as the fire sub-code official and the fire official. The captain's work as the fire sub-code official (about 1/3 of his time) is discussed in the building department section of this report. This section of the report focuses on the fire safety inspection work.

The captain inspects buildings to ensure that they comply with life hazard and non life hazard standards for fire safety. In the last completed year the captain carried out roughly 950 inspections. About 200 of these were life hazard inspections of commercial buildings, industrial buildings, nine schools, one hospital and one dialysis unit. Another 250 were non-life hazard inspections of buildings such as laundromats and small storage facilities. About 100 inspections were for multifamily buildings. Last year the captain conducted 175 follow-up inspections in regard to all of the above.

These inspections generated approximately \$82,000 in revenues, compared to the cost of 2/3 of the captain's time, which is valued at approximately \$69,313. Some additional costs can be attributed to this function in the form of vehicle and general operating expenses.

It is essential that Hillside become current with its inspections, however, according to the captain he is three months behind in his inspection work, and is unable to address some of the required inspections or devote the time needed for complex cases. The township has not inspected doctors'/dentists' offices and funeral homes as required and he is sometimes unable to work

closely with commercial or industrial property owners to help them attain compliance with standards. The captain indicated that these backlogs stem from staff reductions he experienced since 1982 when four staff people were assigned to this function. Currently, in addition to himself he indicated that he uses fire personnel to help with the non-life hazard inspections such as laundromats and small storage facilities. Fire personnel completed about 160 of the inspections last year.

The captain has proposed some changes to address this backlog as well as generate additional revenues. In terms of additional revenues, the captain estimates that the non-life hazard inspection function can generate an additional \$44,000. This includes \$15,000 by raising fees for local permits, something which has not been done since 1969. Another \$12,000 will be brought in by inspecting the doctors' and dentists' offices, funeral homes and other such buildings that have not been done. An estimated \$11,600 will be generated by charging for the fire inspection component of multifamily inspections, as well as completing 400 more per year. The captain anticipates another \$5,350 from penalties simply resulting from an increased inspection effort.

In order to carryout these additional inspections, the captain believes that an additional staff member, preferably a new fire fighter should be hired and trained to conduct inspections at a first year cost of \$37,000, however as this firefighter accumulates years of service these costs would escalate to approximately \$70,000.

The team analyzed whether existing, rather than hiring new fire personnel, could complete these inspections. If this could be accomplished with existing personnel, fire safety would be improved without incurring additional costs. The captain believes this would be difficult to accomplish for a variety of reasons.

However, the team believes that the issues can be reasonably resolved without hiring additional personnel. A variety of factors suggest that current fire personnel should do these inspections. First, "inspections" is part of the personnel department's job description for a firefighter. Second, fire personnel will become more familiar with buildings in the township, which may help them in a fire emergency. Third, having existing fire personnel complete these inspections will enable them to contribute more to preventing fires, and negate any necessity of additional clerical support. Fourth, if the proposed table of organization is utilized as the team recommends, additional personnel will be available to conduct the inspections on a regular basis. Fifth, the training courses necessary to certify firefighters as inspectors are available from a variety of sources. The New Jersey Department of Community Affairs, Division of Fire Safety must approve the courses utilized for this training.

### **Recommendation:**

**Current fire personnel should conduct all required inspections. This would avoid incurring first year costs of about \$37,000, which represents the initial salary and fringe benefit cost of a first year firefighter in Hillside. As firefighters are trained and used as inspectors a portion of their salary can be charged against fees collected to conduct inspections. The team further suggests that since fees for these types of inspections have not been adjusted**

**since 1969, they should be reevaluated. These, and all fees, should also be reviewed annually to determine if any adjustments should be made, based on costs incurred.**

**Revenue Enhancement: \$43,950**

## **REGIONALIZATION OF FIRE STATIONS**

The citizen demand that government's use resources more wisely, and efficiently is driving a trend both in New Jersey and in the nation to regionalize the fire service and fire stations.

This section focuses on consolidating (i.e., contracting with another community to provide fire service) Hillside's paid Fire Department and regionalizing paid fire departments in the state. Regionalizing means taking two or more separate fire departments and organizing them into one department usually with responsibility for a larger geographic area.

The team used county boundaries to analyze paid fire departments because information on the number of paid fire stations and personnel was readily available in that format. However we do not assume that only county regionalization is appropriate.

Some of the states that have regionalized their fire stations, are listed below:

- California - Los Angeles County
- Maryland - Baltimore, Anne Arundel, Montgomery, and Prince George's counties
- Virginia - Prince William, Chesterfield, Henrico, Fairfax, and Arlington counties
- New York - Wyoming County (from "Grounds for Consolidation")

Based on a review of experiences nationwide the cost reductions from regionalizing, consolidating, contracting or otherwise combining fire service functions range from 25% to 50% of current costs.

In addition to cost savings, many other benefits result from regionalizing fire stations. Regionalizing enables a smaller number of busier stations to exist helping to improve performance and safety standards. With a larger geographic base, more adequate financial resources can be provided. Many small departments (Hillside included) constrained by a limited tax base struggle to maintain current staffing. Regionalizing fire stations can improve career opportunities compared to those in many smaller departments.

There are three reasons why New Jersey can specifically benefit from regionalizing its fire stations. First, the cost of paid fire services is expensive. Second, there is a redundancy of fire stations when viewed from a regional perspective. Third, regionalization provides a better alternative to lowering fire service costs without jeopardizing fire service performance and safety.

The most expensive fire service costs are found in the paid fire departments service. The average salary of a paid, experienced fire fighter, in New Jersey is roughly \$50,000. In addition, fringe benefits costs can add 30% or \$15,000 for a total cost per firefighter of about \$65,000. Since the fire service operates 24 hours a day, seven days a week, each position needed to staff a fire station

based on eight hour shifts requires the hiring of four people; three people to cover each part of the 24 hour clock and one person who has completed the workweek and is off duty, on vacation, or on sick leave. The total cost to fill each required position then becomes nearly \$260,000. Added to these costs are the non-personnel expenses related to fire and dispatching equipment, facility capital expenses, maintaining and operating fire stations, and training to keep up with the increasing complexity of fire service methods.

The team identified three counties that, from a regionalized perspective, have the greatest potential for dramatic cost reductions. These counties have the largest number of paid fire personnel and the greatest concentration of fire stations.

Three indicators were used to identify these counties. The first was any county with a large number of small sized municipalities of which the state has five. These are Bergen, Hudson, Union, Essex and Camden. The average number of square miles per municipality within these counties ranges from 3.4 in Bergen County to 6.0 in Camden. The state average is 14.6. The second indicator is the number of fire stations per square mile. In these five counties, this number ranges from an average of one station every .8 of a square mile in Hudson County to one for every 2.5 square miles in Camden County. The third indicator used was the number that had mostly paid fire services out of these five counties.

The percentage of paid fire personnel in Hudson, Essex, and Union is 89.7%, 75.4% and 61.5% respectively. For Bergen and Camden the percentages were 7.3% and 14.8%, respectively. The next highest percentage in the State is Passaic County at 29.9%. These three remaining counties are contiguous to each other and have the highest population densities in the State. Using these three counties the team analyzed the cost of fire services using an average salary and fringe benefit costs of \$65,000 and the potential financial benefits of regionalization.

Using available data and reasonable estimates based on LGBR's experience with paid fire service in New Jersey, we estimate that the paid fire service costs state taxpayers in all counties roughly \$432 million per year. Hudson, Essex and Union make up nearly 60% of these costs, or just over \$158 million.

The team also wanted to develop an estimate of the cost per residential taxpayer. We first identified the portion of the county's valuation that is borne by residential land parcels as opposed to commercial and industrial. We then applied this percentage to the total costs. We found that in Hudson and Essex Counties, the cost is roughly \$530 per residential parcel and in Union County, it is just over \$300 per residential parcel.

We conservatively estimate savings from regionalization to be 15% to 25% of current costs. This translates into potential savings of anywhere from \$23 to \$39 million for the residential taxpayers in Hudson, Essex and Union Counties alone.

Other cities in other counties could also save tax dollars by regionalizing fire stations. However, the savings amounts will likely not be as dramatic as in these three counties.

Fire services are paid almost entirely through property taxes. Because of high property taxes, New Jersey municipalities exert strong pressure on their operating departments to cut costs. If this pressure becomes unreasonable, it can threaten public safety and the safety of fire personnel.

As discussed later, Hillside is experiencing this pressure and could look toward regionalization to relieve it.

There is one recent case in Hudson County where a union representing paid fire personnel has supported regionalizing fire stations. The team understands that this support occurred because issues such as salaries, fringe benefits and layoffs were addressed fairly.

## **STATEWIDE REGIONALIZATION OF FIRE STATIONS**

Six New Jersey municipalities have made progress in meeting the challenge of regionalizing paid fire stations. Two cities have actually implemented regionalization. All six cities happen to be located in the three counties with the most potential for saving tax dollars.

A small town in Essex County (7,000 population) had a five year contract with a large town (38,000 population) to provide fire service. The small town was able to close its only station at an estimated yearly savings of \$350,000. This is about \$150 per residential parcel. During the first year of the contract the small town held on to its fire equipment in case any problems occurred with the contract. However, the provision of services was so positive that a second contract was recently signed for seven years.

It is our understanding that five towns in Hudson County hired a consultant who will soon release a report showing that three towns had four stations within one mile of each other and that there is a potential for saving millions of dollars from regionalizing fire stations among these towns. Four of the five townships are planning to regionalize.

These cities should be commended for putting taxpayer concerns first and moving forward on fire service regionalization. Unfortunately, however, they represent only 11% of the cities in all three counties (although the four in Hudson County represent 40% of their municipalities).

## **REGIONALIZATION OF HILLSIDE**

An earlier LGBR review of Bloomfield's paid Fire Department (population 45,000, in Essex County) identifies a potential savings of \$1.4 million if fire stations were regionalized, allowing one of the four stations in Bloomfield to close. In addition to saving taxpayer dollars, some fire officials believe that performance standards would actually improve because of increased activity (only 7% of Bloomfield's calls were for structure fires).

The team's current analysis in Union County of Hillside's paid Fire Department identified a similar scenario. Through regionalization fire officials believe that one of the two fire stations could be closed without detriment to fire service quality. Hillside operates a northern and a southern station. If Union Township, or the Township of Elizabeth's Fire Stations, both within one mile



from the township's southern station, were properly staffed and equipped, they could provide fire service to the area covered by the Southern station.

Closing one of Hillside's two stations would mean potential savings of up to \$2 million, although some portion of these savings may be used to strengthen staffing or equipment at the station subsequently designated to protect the portion of Hillside covered by the closed station. Additionally, EMS would not be affected since it is located in the station that would remain open.

Besides significant potential savings there are other benefits that could be realized from regionalizing. Serving a larger area would result in more fire calls, which would in turn help improve productivity (only 8% of Hillside's calls are for structure fires). In addition, a larger fire department would offer more career opportunities for staff and relieve pressure from the current staffing situation. In the 1980s the department had 64 fire personnel and it is now at a total strength of 47.

### **Recommendation**

**We recommend that the elected officials of the townships of Hillside, Union and the City of Elizabeth initiate a dialogue with the key players involved in fire service to develop a plan for consolidation of their fire stations. The potential reduction in costs to Hillside is conservatively estimated at a net \$1 million.**

**We urge officials of Hillside, and Union Townships and the City of Elizabeth to contact the Department of Community Affairs for possible financial assistance in studying the issue of fire stations consolidation.**

## **COURT**

While the team recognizes the separate authority and responsibility of the judicial branch of government, we have made the following comments and recommendations in an effort to provide the township with information on current and potential operations, procedures and programs available to the court. Recommendations are made with the knowledge that further review and approval will be required by appropriate judicial personnel.

### **Organization/Staffing**

Court sessions are held in the large general assembly room of the municipal building. This room also doubles as the township council meeting room. The court administrative offices are located in proximity to the courtroom. The team observed several court sessions during the course of this review and believes that the courtroom is adequate to hold the number of defendants summoned to court. Day court sessions are the third and fourth Wednesdays of each month beginning at 9:00 a.m., usually ending between 1:00 p.m. and 3:00 p.m., and every Thursday evening, beginning at 7:00 p.m. and usually ending around 11:00 p.m. The court administrator endeavors to schedule the docket around the municipal police schedule to ensure that the officers can appear during regular working hours in an effort to minimize overtime. Because portions of the Garden

State Parkway, including the Union Toll Plaza, and Route 22, are within Hillside boundaries, summonses and complaints issued by State police also go before the court. Based on the team's observations, the Hillside Court is effectively run.

A full-time court administrator, deputy court administrator, and violations clerk staff the Hillside Municipal Court. There are two judges, one for day and one for evening sessions. The evening session judge serves as presiding judge. As required, the township has public defender services available and a prosecutor who is present at all court sessions. A reserve officer (special officer) provides security for the evening court sessions.

The court administrator is responsible for overall operations, reconciliation of cash receipts, scheduling court sessions, determining whether to issue and/or clear warrants for delinquent time payments, attending court sessions, maintaining ticket books, and coordinating court appearances of municipal employees. The deputy clerk is primarily responsible for issuing notices, processing payments, receiving cash receipts at the window, answering telephones, and staffing the payment window when court is in session. The deputy clerk also fills in for the administrator, as necessary. The violations clerk is primarily responsible for entering traffic summonses into the Automated Traffic System (ATS), entering criminal citations into the Automated Complaint System (ACS), receiving money at the payment window, and answering the telephones.

The judges are appointed by the township to serve for three years, with terms starting January 1. The presiding judge was appointed in January 1997. The day judge has been serving for about ten years. The judges get no additional compensation for extra sessions or being on call for arraignments. According to the court administrator, special sessions involving complicated cases such as DWI are scheduled three to four times a year, as needed. Whenever a substitute judge has to preside because of illness or potential conflict of interest, he/she is paid \$200 per session. During FY97, \$2,400 was paid to substitute judges, \$1,000 of which was to pay a fill-in judge during the interim time period prior to the start of the new presiding judge. Although the amount being paid does not seem particularly unreasonable, approximately \$2,400 could be saved if a reciprocal agreement was reached with one or more neighboring municipal judges for session coverage.

## **Recommendation**

**Whenever practical or feasible, reciprocal agreement(s) should be sought with neighboring municipal judges for court session coverage. This would eliminate what is in effect double payment for those sessions covered by a substitute judge, since the regular judge receives a salary meant to cover all sessions.**

**Cost Savings: \$2,400**

Between FY93 and FY97 the cost for public defender services escalated from \$200 to \$7,300. In January 1998, the method by which payment for public defender services was calculated was changed from a salaried position costing \$7,300 to a flat payment of \$300 per session with no annual maximum. By comparison, the City of Elizabeth pays its public defender \$250 per session not to exceed \$27,000 per year. According to the Hillside Court Administrator, the intent is to

schedule cases requiring the services of the public defender for the same session, possibly one a month. Also, prior to January, the maximum the court would charge a defendant who requested the services of a public defender was \$50. Now, at the court's discretion and as allowed by state regulations, the maximum fee charged is \$200.

**The township administration should be commended for identifying potential savings in the method of calculating costs for public defender services.**

### **Financial Information**

According to court administration staff, a limitation of the ACS and ATS is that no annual reports can be generated which show total collections for the fiscal year. According to the FY98 township budget, total revenues collected during FY97 were \$329,549. Total FY97 expenditures were \$202,383, of which \$192,326 was for salary, wages and benefits.

The following is a summary of the fines and costs collected by the municipal court for the last five fiscal years:

Year	FY 1997	FY 1996	FY 1995	FY 1994	FY 1993
Fines and Costs	\$329,550	\$227,516	\$224,843	\$206,050	\$244,520

### **Case Management**

The municipality came on line with the ATS in June 1995 and ACS in September 1996 and the court office relies on the systems to track all court-related activity. All letters and notices are sent out as generated by the computer and the court administrator believes that the ATS/ACS significantly enhanced the operations of the office.

The police department is also anticipating going on line with the ACS. Once they are fully automated, the plan is for the police department to enter ACS complaints directly into the system. Currently, police department staff types the information on a report and transmits the report to the court administration office. Court staff enters the information into the ACS. The court administrator noted that the middle step of the report will no longer be needed and the police department staff will input the information directly to ACS, thus reducing the court workload.

As discussed earlier, the court staff relies on the ATS/ACS for tracking all court activity. Generally, ATS/ACS reports are not maintained longer than three to six months so it was not possible to review information prior to April. Also, according to the court staff, it is not possible to generate summary reports for a full fiscal year or any information older than three months. Based on the reports court staff had available, the team compiled an analysis of court activity for April 1997 through December 1997. The average of the traffic cases disposed versus cases added during the nine month period was 114% and criminal was 106%. The average number of cases pending at the end of the month versus the beginning of the month was 98% for traffic and 104% for criminal.

Although AOC regulations require the judge to set the minimum payment for the time payment cases, in practice, staff of the court office set the minimum payments. According to the court

administrator, the minimum time payment is generally around \$50 a month. The team reviewed the available ATS/ACS time payment reports for September through December. The review indicated that the number of tickets grew by a few each month during the four-month period. The total outstanding value of tickets on time payments as of the end of December was \$351,136 for ATS and \$200,769 for ACS, totaling \$551,905. There were also 55 delinquent ATS tickets totaling \$12,732 and six delinquent ACS tickets totaling \$2,050.

The court administrator takes advantage of edits available in ACS/ATS to flag late time payments. If the time payment is not received within 14 days of the due date, a letter warning the violator that his/her license may be suspended and a warrant issued is generated from ATS/ACS. A second edit is run at the second 14 days without a payment. At that point, the municipality, through ATS/ACS notifies the state to suspend the driver license and a warrant may be issued. There is no use of a collection agency because the officials feel that suspending a license is far more effective than utilizing a credit collection agency. The court administrator estimates that about 50% of the people pay on time and then more pay after the license is suspended or warrant issued. There is no consolidation of time payments for people with multiple violations or if the person owes violations in another municipality. The authority is left to the court administrator as to reversing the license suspension or warrant after the violator makes a few consecutive payments and there were no clear guidelines as to the reversals.

## **Recommendations**

**While court personnel may feel that the method currently utilized in Hillside is an effective tool in collecting past due time payments it is recommended that a variety of methods be used to handle delinquencies in addition to granting time payments. If someone is found to be a delinquent payer, the judge could commit the individual to serve jail time and/or have the person pay off the amount due in jail time or community service. A more aggressive approach to collection could include issuing warrants for the arrest of the individual. In this case, the delinquent payer could still be required to pay the account or work the amount off in jail time or community service. A periodic review should be conducted and a consistent policy established and followed. Notwithstanding the above an outside collection agency could be utilized, with AOC approval, in an effort to reduce the amount owed the township.**

Based upon a review of the workload and the number of summonses issued the team recommends that upon the police department going on line with ACS, the township should consider reducing staff in the court administration office accordingly, and potentially reduce staffing to the administrator and deputy administrator.

**Cost Savings: \$33,834 in salary and direct benefits**

Again, the township should be commended for identifying potential savings in the method it uses for calculating public defender costs. In order for this initiative to be cost effective, however, the goal of only one session per month must be achieved. The annual cost at one session a month for the public defender services will be \$3,600. However, if because of demand and/or police scheduling conflicts the need is actually two sessions per month, the annual cost will be \$7,200.

During the team interview with court staff, questions arose about the duplicative numbers of volumes of the New Jersey Statute Annotated (N.J.S.A) maintained by the municipality. A review of the West Information purchases indicates that there are three full sets of N.J.S.A. maintained for offices on the main floor of the JFK Plaza (Administration and Executive, Court Administration, and Finance). The Board of Health, located on the second floor of JFK Plaza also orders select updates. A total of \$1,361 in duplicative N.J.S.A. volumes and updates was purchased during FY97. It is recommended that one shared set of statutes be maintained in JFK plaza for the administrative offices, which is accessible to all staff.

**Cost Savings: \$1,361**

## **NEGOTIATED AGREEMENTS/EMPLOYEE CONTRACTS**

The team reviewed eight collective bargaining agreements and eleven individual employment contracts. The team observed that the agreements are very generous in working hours and incentive policies. Many of the provisions contained in the contracts run counter to good business practices and excessive employee entitlement was often a recurrent theme.

Control over personnel issues is a key element in cost containment for local governments. The township payroll consists of approximately 360 employees and \$11,000,000 in gross salary expenditures. The size of these appropriations and the labor-intensive nature of municipal services warrant special attention from the governing body and administration. Furthermore, a large number of employees are approaching retirement and the present contracts provide very lucrative terminal leave provisions that will adversely affect the township's financial position in future years.

Many of the recommendations contained in this section will require negotiated changes to collective bargaining agreements. The negotiation process is a long and arduous one. The township must firmly commit to removing costly provisions from the contracts in order to restore effective controls over personnel costs.

*Vacation and Holiday Leave:* Several bargaining units and contracted individuals are compensated beyond the State of New Jersey practice and the Fair Labor Standards Act required premium for holiday pay. There are agreements that permit holiday pay at a rate of two and a half times the individual's regular salary rate. Premium pay for State of New Jersey employees is at a rate of time and a half the regular salary rate.

The township provides 14 paid holidays for civilian employees. The agreements also include Mondays or Fridays as additional paid holidays for use in conjunction with selected national holidays falling on Tuesdays or Thursdays. Depending on the calendar year, this provision can amount to one to two paid holidays in addition to the standard 14 days stipulated in the contract. This benefit may give employees a four-day weekend, but it deprives residents of municipal services on what is a normal business day. This extra holiday also represents a loss of productivity as employees are being paid for an additional day of work not completed.

Township employees are allowed to bank up to forty hours of vacation leave or overtime for retirement. The policy seems to run counter to cost effectiveness and employee well being. The purpose of paid leave is to provide an employee with the opportunity to relax and return to work in a rested and more productive condition. It should not be considered as another retirement payment plan. Employees are duly allocated a certain amount of paid leave and should utilize them for the reasons previously stated. Proper management of vacation schedules by departments should reduce vacation carryovers into succeeding years. The present ability of employees to bank paid leave represents another future financial liability for the township.

### **Recommendation:**

**The township should adopt the Fair Labor Standards Act and State standard of one and one-half (1½) times the regular salary rate for holiday pay. The township should eliminate the practice of providing employees with an additional day off for holidays falling on a Tuesday or Thursday. Lastly, the township should ensure that employees who leave the employ of the township under any circumstances to receive only that overtime pay which would be appropriate to recent work hours and only that vacation time which is permitted to accrue and/or carryover from the previous year.**

**The team also recommends that the township adopt the minimum vacation allotments for civil service employees.**

**Cost Savings: \$22,371**

*Personal Days:* Most township employees receive four personal days as paid leave. Firefighters have three 10-hour personal days and deputy chiefs in the police department receive five personal days. The generally accepted rationale for personal days is to provide time for employees to conduct personal business that would not otherwise be possible because of the employee's work schedule. Four personal days or 30 hours is certainly above the norm. The standard followed by the State of New Jersey and most local governments is three eight hour days.

### **Recommendation:**

**The township should reduce the number of personal days allotted for all employees to three days and change the way that fire employee days off are calculated (give total hours off equivalent to three eight hour days).**

**Cost Savings: \$49,335**

Bereavement Leave: The township is inconsistent in its bereavement leave policy. In several contracts, the township allows seven days paid leave for the death of an immediate family member, while other employees receive five days. The State of New Jersey allows for five days off without pay or the use of other paid leave for bereavement.

### **Recommendation:**

**It is recommended the township adopt a uniform standard of five days maximum bereavement leave for all employees for specifically identified relations.**

Sick Leave: The allowance for sick leave varies among employees. Some employees receive 17 sick days per year while other contracts provide 15 days. Many employees carry large balances of accumulated sick days and the team considers them to be extraordinarily large. The extra days allotted to select employees and bargaining units only serves to increase the terminal leave liability of the township. The standard for the State of New Jersey and most local governments is 15 sick days.

The agreements did not contain provisions for controlling excessive sick leave. The team examined sick leave records and noticed considerable variation in sick leave usage among individuals and departments. Excessive sick leave or numerous absences in conjunction with holidays should require a doctor's note to verify that the employee has a bona fide illness. Though there are provisions in the township code governing the abuse of sick leave, these rules are apparently not being consistently or equitably enforced across all departments.

Terminal leave provisions in the contracts allow employees to receive payment for unused sick leave upon retirement. Some collective bargaining contracts and individual employment agreements allow employees to bank up to 350 sick days. *There is no dollar cap on terminal leave payments.* Several senior employees have already surpassed this figure and will receive over half a year's salary in terminal leave in addition to other banked leave such as accrued vacation and overtime that is payable upon retirement. The State of New Jersey limits terminal leave payments to \$15,000.

**Recommendation:**

**The township should adopt a uniform number of days for sick leave per year for all employees. Additionally, the township should limit the maximum amount of all accumulated terminal leave payments to the state standard of \$15,000.**

**Cost Savings: \$49,519 (Using \$15,000 cap on 1997 terminal leave payments)**

*Uniform Allowances:* Public works employees receive an allowance of \$375 for work shoes and \$625 for winter clothing. The township supplies and maintains all other uniforms at its own expense. Such allowances seem excessive given the scope and mission of the employees. The township presently has no mechanisms in place, such as the requirement to show receipts, to insure that these allowances are being used for their intended purpose.

**Recommendation:**

**The team recommends the establishment of a winter clothing and work shoe policy that allows an individual to purchase items from vendors on an as-needed basis. The need should be verified by the department head. Payment to the employee should take place only upon presentation of a receipt of purchase by the employee. The township may also elect to bid certain items of a standard nature for winter clothing or work shoes.**

*Estate Benefits:* Township contracts provide estate benefits with no cap on the amount for which the township is ultimately liable. The contract provisions call for payment of all benefits and accumulated leave to the estate in a similar fashion as the township's generous retirement payment plan. Some estate benefits, however, have little or no logical basis. For example; survivors of deceased public works employees are entitled to receive the employee's clothing and shoe allowances.

**Recommendation:**

**The township should carefully review benefits that are payable to survivors and eliminate those that are inappropriate.**

*Longevity Pay:* In addition to regular salary increases, township employees begin receiving longevity pay after five years of employment. The amount of longevity is based on a percentage of the base salary ranging from two percent at five years to 12 percent at 22 years. The contracted increases in salary have routinely exceeded the rate of inflation, and this factor, coupled with periodic longevity increases, produced very generous percentage salary raises for township employees.

The township currently pays \$469,000 in longevity payments. There is no proven correlation between longevity pay and employee performance. The team believes that simply having a long tenure of employment with the township is not sufficient reason to add a 12 percent supplement to an employee's salary.



**Recommendation:**

**The township is strongly encouraged to eliminate the longevity benefit for current and new employees. If the township is unable to eliminate longevity for present employees, it should negotiate lump sum payments instead of a percentage of base salary. Long-term savings should be significant as the existing workforce retires and is replaced by employees without the longevity benefit.**

**Cost Savings: \$469,000**

*Incentive Policies:* Township contracts contain numerous provisions providing incentive payments to employees for not taking sick days or expending paid leave. Some of the reasoning behind these policies seems not to be in the best interest of the township. The incentive payments typically reward employees for behavior that should instead be routinely expected of employees, such as conscientiously reporting to work except when ill or on approved leave.

In the individual employment agreements and the municipal clerical employee contract, there is a provision entitled “Incentive Time.” No mention is made in the paragraph describing this provision as to what benefit the township receives for this payment to the employee. Essentially, *the employee receives 20 hours of pay for merely being on the payroll.*

In addition to the above incentive plan, clerical employees and individually contracted employees have another incentive payment of ten hours of pay for every six-month period without the use of a sick day. This contract provision essentially pays employees not to take unnecessary sick leave. This pay may be added to the base salary after three years of service, thus allowing employees to increase their base salaries by 2 ½ days each year. If this increase were added to the base salary for 22 years, the employees can increase their base salaries by 55 pay days at retirement. This is equivalent to almost three months of additional salary and acts as a cost multiplier for future salary costs and terminal leave payments.

Police employees annually receive eight hours of holiday incentive time in return for using all allotted holiday time. Since police employees are allowed to bank a maximum of forty hours of overtime and holidays, they already have an incentive to use all their holidays after they have reached the maximum in their leave banks. This incentive also gives employees the option to add this amount to their base salaries, thus having the similar effect of compounding future increases in base salary costs.

**Recommendation:**

**It is recommended that the township eliminate its present system of incentive policies. The township should implement strict rules governing the use of sick leave and discipline employees who take excessive amounts of undocumented leave.**

**Cost Savings: \$30,365**

Travel Payments: During the review it was noted that the mileage reimbursement amount varied per contract. In some instances the amount was \$.25 and in other contracts was \$.31. Additionally, some requests for travel reimbursements only contained the amount requested, with no itemized log of how the amount was determined. This runs counter to standard business and government practices. The state reimburses travel expense at a rate of \$.25 per mile and requires a detailed itemization of expenditures. An attempt was made to track the total travel reimbursements made by the township, but this attempt was hindered by the township's current system of combining all operating expenses into single line items. This is addressed further in another section.

**Recommendation:**

**It is recommended that the township adopt the state's policy on travel reimbursement with a rate of \$.25 per mile and require a detailed itemization before reimbursement is made. The appropriate department head should also certify the reimbursement request.**

Working Hours: Most civilian employees do not work a standard 40 hour workweek. Clerical employees are scheduled for 35-hour workweek, however, after deductions for lunch, they are only required to work 30 actual hours. Similarly, public works employees are scheduled for a 37-½ hour workweek.

**Recommendation:**

**It is recommended that the township expand the hours for civilian employees to a standard 40 hours of actual work performed per week. The township may achieve this end by adjusting the scheduled workday or reducing meal and break times. By working a standard work week, the township generates 19 percent more productivity from clerical and public works employees, which is valued at \$377,337.**

**Productivity Enhancement: \$377,337**

Personnel Management: The inconsistency of contract terms and disregard for cost containment measures are indicative of poor contract management. Various departments have different levels of accountability for sick leave, work hours and other basic elements of management control over employees.

The chapter of the township code governing personnel is outdated and lacks sufficient management controls. Department policies and procedures for day to day operations vary widely on a formal and informal basis.

Currently, the personnel management function is assigned to the township clerk.

**Recommendation:**

**The office of the township business administrator to better monitor personnel functions and control future personnel expenditures should administer the personnel management function. It is further recommended that the township aggressively seek to remove costly provisions from employment agreements in all future negotiations.**

**The township should produce a comprehensive personnel policy manual for distribution to all employees. The personnel documents reviewed by the team do not reflect the numerous changes in state and federal employment laws that have occurred in the past several years, and these should be reflected as well in the personnel policies. Failure to update its personnel policies may expose the township to costly litigation.**

## **BUILDING DEPARTMENT**

### **Staffing/Functions**

The building department is located on the bottom floor of the township hall. The staff is responsible for all aspects of local housing and building code enforcement, including the property maintenance ordinance, and serves as staff to the planning and zoning boards. This department is currently listed as a class II department approved by the New Jersey Department of Community Affairs. This classification allows them to perform state plan reviews and inspections required under the State Uniform Construction Code (UCC) for industrial, commercial and residential property. According to the construction official, there is no backlog and construction in the township is primarily additions and alterations. The department hours are 8:30 a.m. to 4:00 p.m., Monday through Friday, for a total of 37.5 hours per week.

Department staff exhibited a great deal of pride in the service they provide to the residents of the township. In addition to code enforcement activities, the department responds to complaints from residents of the township regarding building and property conditions, including rodent infestation and residents living in substandard conditions. Unfortunately, no log of these type of activities is maintained. The construction official estimates these activities take up between 25 and 30 percent of the time of the code enforcement officer, plumbing sub-code official and one clerk. The construction official responds to these types of complaints in off-hours.

The department is not computerized and all administrative aspects of code enforcement are tracked manually. Based on monthly reports given by the building department to the township governing body and the New Jersey Department of Community Affairs, the team has determined the building department issued approximately 407 UCC permits and 47 certificates of occupancy or continued occupancy during FY97. The building department also issued 619 permits relating to local licensing and permit ordinances during FY97. These figures were confirmed with the construction official as being a normal or average representation of permit activity.

During FY97, the department received a subsidy from two separate Community Development Block Grants (CDBG) for salaries and expenses relating to the program. The Code Enforcement CDBG provided \$75,000 that funded the cost of housing inspections, “to improve the housing stock within the township.” The full time code enforcement officer performed the inspection activities related to this grant. The department’s final FY97 CDBG report indicated that 361 households were inspected, which equates to a \$208 cost per household. The Senior Citizen Home Repair CDBG provided funds to make minor repairs to senior citizens homes. Repairs included anything from changing light bulbs, replacing windows, and fixing shelves, to repairing porches. Two seniors were hired on an hourly basis to do these repairs. According to the construction official, similar services were provided to seniors not in the CDBG area, upon request. It was reported to the team that no CDBG funds were used for the additional services outside the five target zones. Township resources were utilized for this area.

The department has also been participating in the State/Local Cooperation Housing Inspection Program, commonly referred to as SLCHIP. Under this program, municipalities inspect multi-family units to ensure compliance with applicable state statutes. Municipalities provide the service on behalf of the Department of Community Affairs. Hillside received a total of \$4,400 during FY97 for this program. The code enforcement officer inspected 143 buildings containing 1,448 housing units, and reinspected 45 buildings containing 103 units. This equates to \$2.84 per housing unit. The construction official estimates that it takes one staff member about four months to complete the required inspections. The total cost for salary and benefits allocated to the person that performs this function is \$16,910.

During FY97, the building department was staffed by a full time construction official, who also served as the building sub-code official and building inspector. In addition, the department consists of a full time code enforcement officer, a full time plumbing sub-code inspector, two full time clerks, two part time hourly senior citizens and a part time fire sub-code official. The fire sub-code official is a full time captain of the township fire department and his salary and expenses for fire sub-code activities are charged against the building department’s budget. A private third party inspection agency provides the elevator and electrical inspections. The staff member who served as construction official during 1997, retired at the end of January 1998.

A Department of Community Affairs staffing analysis, based on the number of UCC permits granted in FY97, indicates the appropriate staffing complement to perform the UCC activity for FY97 would equate to 1.8 full-time equivalent (FTE) positions, which includes 20% of one FTE for enforcement of the electrical sub-code. The contract between the township and the third party agency stipulates that payment to the inspection agency is based on fees charged, minus a 15% administrative fee retained by the township. The team found that this arrangement has been cost effective for the township, therefore no changes are recommended.

The following compares information provided by Hillside Township in the FY97 Uniform Construction Code Annual Report to the staffing analysis done by the State Department of Community Affairs:

Staff Position	Building	Weekly	% of FTE	DCA	Actual
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	Dept. Work Week	Staff Hours Spent Enforcing UCC	For UCC Related Functions	Staff Analysis %	vs. DCA Analysis
Construction Official, Building Sub	35	30	90%	CO 20% Bldg. 50%	+20%
Plumbing Sub	35	17.5	50%	20%	+30%
Fire Sub (based on amount of salary charged to UCC)	13	13	29%	10%	+19%
Office Control (Clerical)	35	17.5	50%	60%	-10%
Electrical Sub (currently contracted to a 3 <sup>rd</sup> party inspection agency)	0	0	0	20%	NA
<b>Total FTE</b>	<b>3.29</b>	<b>2.72</b>	<b>2.19</b>	<b>1.8</b>	

### Financial Information

The building department was funded by several sources during FY97. While there was no detailed line item departmental expense document available, the team was able to prepare an expense/revenue analysis based on available information. The monthly reports submitted to the township governing body indicate \$76,422 was collected in fees. Of these fees, \$49,643 was collected for UCC related activities. As previously discussed, the township also received \$4,400 from SLCHIP and \$85,000 from CDBG funds. Total funds received from entities other than the municipality totaled \$165,822. The FY97 cost of operations for the building department was approximately \$357,997, with salary, wages and benefits totaling \$308,064. The township provided the balance of approximately \$192,175 needed to support the FY97 department operations from local property taxes. This subsidy equates to approximately 6.6 cents of local property tax money with CDBG funds and 9.5 cents without.

<b><u>FY97 Revenues</u></b>		<b><u>FY97 Expenditures</u></b>	
Local Ordinance Fees	\$26,779	Payments from Trust	
UCC Fees	49,643	Electrical	\$ 11,409
SLCHIP	4,400	Elevator	8,942
CDBG:		UCC Training Fees	2,452
Senior Repair	10,000	Salaries	242,842
Code Enforcement	75,000	Benefits	65,222
<b>Total CDBG:</b>	<b>\$ 85,000</b>	Operating Expenses	828
<b>Total Revenues</b>	<b>\$165,822</b>	Supplies	4,062
		Vehicles	22,240
		<b>Total Expenditures</b>	<b>\$357,997</b>

The UCC regulations provide that a municipality can set its fee schedule so that all expenses related to enforcement of the code are covered. As previously stated, total fees collected for UCC enforcement amounted to \$49,643. Total UCC related expenses, as reported to the state, were \$204,811. Similarly, the CDBG Senior Home Repair Program allowed for \$8,000 for salary and wages while the total employee costs for the two handymen was \$12,540. According to information provided by the township's finance office, the salary cost, without any benefits or overhead, for code enforcement reimbursed by CDBG funds was \$73,860.

### **Recommendation:**

**The segment of a municipal government which is charged with code enforcement activities is unique in that state statutes and regulations give it authority to charge fees in order to be self-supporting, which at this time, the building department is not doing. All of the following recommendations are aimed at meeting that goal and are summarized in the table below:**

<b>Hillside UCC</b>	<b>1997</b>	<b>Proposed</b>
<b>Revenues</b>		
<b>Total Local Ordinance Fees Collected</b>	<b>\$26,779</b>	<b>\$26,779</b>
<b>Total UCC Fees Collected</b>	<b>\$49,643</b>	<b>\$109,816</b>
<b>Local Rental Unit Inspection Fees</b>	<b>0</b>	<b>\$112,500</b>
<b>Violation Penalties</b>	<b>0</b>	<b>\$2,000</b>
<b>SLCHIP</b>	<b>\$4,400</b>	<b>0</b>
<b>CDBG, Senior Repair Program</b>	<b>\$10,000</b>	<b>\$10,000</b>
<b>CDBG Housing Code Enforcement</b>	<b>\$75,000</b>	<b>\$75,000</b>
<b>Total Revenues</b>	<b>\$165,822</b>	<b>\$336,095</b>

<b>Hillside UCC</b>	<b>1997</b>	<b>Proposed</b>
<b>Expenses</b>		
<b>Payment from Trust Acct. Electrical</b>	<b>\$11,409</b>	<b>\$25,200</b>
<b>Payment from Trust Acct. Elevator</b>	<b>\$8,942</b>	<b>\$19,759</b>
<b>Payment from Trust Acct. UCC Training Fees</b>	<b>\$2,452</b>	<b>\$2,452</b>
<b>Salaries</b>	<b>\$242,842</b>	<b>\$144,417</b>
<b>Benefits</b>	<b>\$65,222</b>	<b>\$37,779</b>
<b>Purchase of Equipment for UCCARS</b>	<b>0</b>	<b>\$4,000</b>
<b>Overhead</b>	<b>\$828</b>	<b>\$828</b>
<b>Supplies</b>	<b>\$4,062</b>	<b>\$4,062</b>
<b>Vehicles</b>	<b>\$22,240</b>	<b>\$17,044</b>
<b>Total Expense</b>	<b>\$357,997</b>	<b>\$255,541</b>
<b>(Deficit)/Surplus</b>	<b>(\$192,175)</b>	<b>\$80,554</b>

The construction official indicated that there were approximately 2,500 rental units in Hillside. For our purposes we will use a value of 2,250 rental units so as not to overestimate potential income. Conditions of rental units have a measurable effect on the housing stock and property values of a municipality. Many comparably sized municipalities require that rental units be registered and inspected for an annual fee. Hillside does not provide those annual inspections as a routine matter, although it does administer a similar inspection for CDBG households under the code enforcement program and it inspected 1,551 housing units during FY97 pursuant to SLCHIP. Hillside should consider passing an ordinance establishing an annual residential rental registration and inspection fee of \$50 per unit for the approximately 2,250 rental units in the township. This proposal would require that the code enforcement officer provide the annual inspection.

**Revenue Enhancement: \$112,500**

All administrative aspects of the building department are handled manually, including recording of permits issued, cash receipts and site inspections. State guidelines require that any municipality that issues more than 200 UCC permits annually submit report data electronically. Although the building department issued 407 UCC permits during FY97, all monthly, quarterly and annual reports are prepared manually. Hillside is the only municipality in Union County that issues more than 200 permits but is not submitting data electronically. Department of Community Affairs staff estimate it takes about 153 staff hours, or 22 staff days, to complete all required monthly, quarterly and annual reports. Twenty-two clerical staff days equate to \$3,710. The department also provides the township governing body detailed monthly reports on cash receipts for an additional \$2,850 in staff effort. Department of Community Affairs offers free software, which automatically calculates fees based on the local fee schedule. This software can also print all permits and certificates, summarize cash receipts for permit-related transactions, produce reports complying with state requirements, produce summaries for local governing boards, maintain a record of building activity throughout the year, and track inspections and plan reviews. The system is not designed for tracking local ordinance enforcement but can be used for tracking cash receipts. The building department should begin maintaining records electronically. A computer that fits the software specifications will need to be purchased.

**Value Added Expense: \$4,000**

State regulations governing the setting of fees for construction code enforcement allow a municipality to charge sufficient fees to cover all operating costs associated with enforcement. Operating costs include salaries and benefits of licensed code enforcement officials, clerical personnel, motor vehicles, direct costs and overhead. Fee schedules should be reviewed each year to assess appropriateness to cover all costs. At a minimum, an estimated \$109,816 (salary, wages and benefits, based on DCA staffing analysis, \$98,219, supplies \$1212, vehicles \$5,971, electric, insurance and heat \$414 and computer purchase \$4,000) should be collected in fees. During FY97 \$49,642 was collected for state code enforcement.

<b>HILLSIDE INCOME VS. EXPENSES</b>	
<b>Salary &amp; Wage</b>	<b>\$ 98,218</b>
<b>Supplies</b>	<b>1,212</b>
<b>Vehicles</b>	<b>5,971</b>
<b>Utilities</b>	<b>414</b>
<b>Computer</b>	<b>4,000</b>
<b>Sub Total – Expenses</b>	<b>109,815</b>
<b>Income Received</b>	<b>49,642</b>
<b>Total Necessary Increase in UCC Revenues to Cover Cost of the Office</b>	<b>\$ 60,173</b>

**Revenue Enhancement: \$60,173**

According to the construction official, there is no one log that reflects all UCC, local code enforcement and complaint inspections activity. The department is strongly encouraged to create and maintain such a log, which will detail time spent on tasks and the results of every inspection. Such a log will enable the department to accurately charge back salary and wages, identify residents who are frequent callers for dispute resolution referrals, and charge fees which fully compensate the cost of the service.

The DCA staffing analysis has been discussed earlier. With the retirement of the construction official at the end of January 1998, the number of licensed code enforcement officials becomes consistent with the recommended DCA staffing levels. The team agrees with the proposed structure for the office, in that a sub-code official be moved up to construction official and there be no replacement hired. Further, during FY97 29% of the fire sub-code official's salary was paid against the UCC account. However, the Department of Community Affairs analysis indicates that only 10% of a staff person's time should be spent doing fire sub-code plan review, inspections and approvals, therefore it is recommended that the fire sub-code official's time be limited to 10% of the 35 hour work week and the salary and wages be charged accordingly. The analysis also indicates that .6 staff personnel are needed to process UCC related activities. The implementation of the UCCARS system would make this even more appropriate, therefore it is recommended one clerical staffing position be eliminated. Therefore, based on FY97 salary and wages, the potential UCC related salary, wages and benefits, if the office were to be staffed as discussed, would be \$98,218. According to the annual report submitted by the township to the Department of Community Affairs, salary, wages and benefits for FY97 were \$157,763. The net difference in salary, wages and benefits would be \$59,545.

**Cost Savings: \$59,545**

Hillside should consider discontinuing participation in the SLCHIP program. As previously discussed, during FY97 the municipality received \$4,400 for inspections and reinspections. The personnel cost to perform the inspections and reinspections as approximately \$16,910, or \$10.90 per unit, which would show that participation in this



program is not cost effective. The municipality should take action to terminate participation in SLCHIP. Rather, the staff currently performing SLCHIP inspections should be deployed to the annual residential rental registration and inspection initiative discussed earlier.

**Productivity Enhancement: \$12,510**

Building department staff provides many services for municipal residents that are not reimbursed through fees or dedicated grant funds. For instance, though the senior program provides a viable resource to the community, it is not the purpose of a building department to offer such free services to municipal residents not included in the CDBG areas. We suggest that all unreimbursed activities be discontinued. In the future, all salaries and expenses for the senior CDBG program should be capped at the \$10,000 provided to the municipality through this grant. During FY97, \$12,540 was spent in salary and wages, which was \$4,540 above the \$8,000 of CDBG funds set aside by the building department for salaries and wages. In addition, the municipality is paying for a municipal vehicle, which is used just for this program at an estimated cost of \$5,196 per year.

**Cost Savings: \$4,540**

With the retirement of the construction official, the fourth vehicle should be eliminated.

**Cost Savings: \$5,196**

According to the construction official, the building department does not assess penalties for projects in violation but refers such violations to the municipal court. The construction official noted that it was his belief that the court would be more successful at imposing and collecting violation penalties. However, a review of the court dockets indicates that a very small number of UCC violations are referred to the court. The building department should exercise its authority in issuing violation notices and penalties of \$500 per violation. A conservative estimate of four violations per year would net \$2,000. Withholding all future inspections and approvals until the violation is abated is required by state statute, is a strong inducement for compliance, and works well in other municipalities. If the applicant still does not comply, the case should then be forwarded to the municipal court.

**Revenue Enhancement: \$2,000**

## **MUNICIPAL CLERK**

The Municipal Clerk is the official custodian of all vital municipal records including, but not limited to, the books, deeds, bonds, ordinance book, contracts, legal advertisements, and archival records of the township. During elections the clerk serves as the chief administrative officer and the registrar of voters. The clerk serves as the administrative officer for the application and issuing of licenses and permits and also acts as secretary to the governing body. The clerk has also been listed as the personnel director, however, there is some confusion regarding that issue

since Hillside's recent change in its form of government to a mayor council form. These relations are strained and responsibilities are currently in the development stage. In the role of secretary to the governing body, the clerk is extensively involved in telephone work, preparing council meeting agendas, copying documents for distribution, drafting letters to constituents, completing mailings, attending governing body meetings, maintaining recordings and minutes of these meetings, retaining original copies of ordinances and resolutions and ensuring that the ordinance book(s) are current. It was evident in various interviews the team conducted that in the former form of government, Hillside's Township Clerk was essentially acting in the capacity of township manager.

During most of LGBR's reviews, the clerk has been an essential person in the process because of the documents maintained in the clerk's office along with the experience and knowledge that the clerk has amassed over the years. It was unfortunate that during the entire time that the team was in Hillside, the clerk was on family leave and essentially unavailable.

The clerk's office consists of the clerk, a deputy clerk and two clerical personnel. Total annual expenditures for this office amounted to \$330,000. This includes salary and fringe benefit costs of \$234,300, operating expenses of \$21,200 and election expenses of \$74,500. \$22,936 of overtime is included in the salary and fringe total, with 86% or \$19,699, paid to one employee.

**Recommendation:**

**The team feels that the overtime incurred is excessive and that the office should schedule employee time more efficiently. The team conservatively estimates that overtime could be reduced by at least 50%.**

**Cost Savings: \$11,500**

The team observed the clerk's office numerous times and interviewed the clerk, the assistant clerk and both clerical personnel.

Though the office appears to run relatively well with a spirit of teamwork on the part of staff, the team did experience difficulty in obtaining certain records from the clerk's office. However, early in the review process, copies of all professional service contracts were requested. This request included any and all contracts pertaining to insurance, legal, engineering, computer services, and similar professional services. Unfortunately these were never located and we were told that they might not exist. Instead of contracts, the team was provided with copies of township committee resolutions that appointed certain individuals to a variety of positions and designated various firms as suppliers of certain services.

**Recommendation:**

**While state statute permits political subdivisions to award professional service contracts outside of the formal bid process, these contracts should be carefully negotiated and clearly specify the expectations of both parties. They must include what is to be paid for the service and how payment will be made. It is difficult, at best, and essentially impossible to**

**quantify savings from this type of action. Without properly formulated and recorded contracts, the potential for a substantial loss of taxpayer funds exists, because there is no means by which to assess performance or establish an appropriate rate of pay.**

The team also observed the clerk's office experiencing difficulty in locating ordinances and resolutions in some cases. This led the team to question the condition of the township's code book. During the one time that we were able to speak with the clerk during the review process we were told that the township was actually using two ordinance books; one prior to a codification that took place and the second after the codification. This was due to an expressed dissatisfaction with the content of the new books by the clerk. An up to date comprehensive set of ordinances is an essential document of local government, and the lack of one creates confusion, disorganization, and inefficient operation. Since the existing ordinances are written in a format that reflects the township committee they are now inconsistent with the new form of government.

#### **Recommendation:**

**The team feels that it is necessary for the township to initiate a codification of its ordinances at the earliest possible date. This will update all ordinances in a manner that will be consistent with the new form of government and improve overall efficiency of all departments of the township. The estimated cost of this codification is approximately \$7,000.**

**Value Added Expense: \$7,000**

As mentioned earlier, the clerk has been on family leave for several months and subsequently resigned. The deputy clerk has been assuming the clerk's responsibilities during the clerk's absence. The team was impressed with the deputy clerk's knowledge of statutory requirements. She is well respected by her clerical staff and the deputy clerk has recently been certified as a clerk by the Department of Community Affairs.

The team noted that even though the clerk has been away from the office for several months, work was completed, no backlogs were identified, and no personnel were borrowed from other units to help complete the necessary work. The deputy clerk and staff should be commended for their performance while the clerk was absent, however, the team believes that it is possible for the office to operate efficiently with less personnel.

We completed a telephone survey of clerk's offices from five communities in the area with similar populations and land area. Our survey suggests that the Hillside Clerk's Office should be able to operate with three, rather than four full time personnel.

**Recommendation:**

The township should eliminate one position in the clerk's office. This will leave three full time personnel in the office, i.e., the clerk, deputy clerk and one clerical position. Since it has been learned that the clerk is not returning, the township should be able to reduce the salary level of that position. This reduction is directly related to the fact that the township now has the services of a full time business administrator and the duties and responsibilities of the clerk are now diminished. The team estimates that the reduction in total salaries for the office should be approximately \$13,000, after taking into account the revision in salaries for the person assuming the clerk's position. The one position that is eliminated in the clerk's office could be transferred to the business administrator's office at no increase in overall cost.

**Cost Savings: \$13,000**

## **HEALTH DEPARTMENT**

### **Organization and Staffing**

Health department staff are involved in many and varied responsibilities. The health department staff takes great pride in the health services they provide the community. According to information contained in the department's FY97 budget presentation, it administers 33 programs that include services for older adults, maternal and child health programs and environmental protection services. Among other responsibilities is coordination of the annual Health Fair, registrar of vital statistics, licensing and inspection of food establishments, animal control, and enforcement of hazardous waste and lead statutes. It is the township's practice for the health department to be responsible for refuse collection, which is contracted to a private vendor.

During FY97, the health department was staffed by a full time director, who is also a licensed senior environmental health specialist, a registrar of vital statistics and secretary to the Board of Health, a full time deputy registrar, a full time public health nurse, a full time public health nurse supervisor, a part time public health nurse, a full time clerk typist, and a part time grants intern. A part time code enforcement officer was also employed for a very brief period during FY97. The code enforcement officer and grant intern positions are currently vacant.

Every municipal health office is required to have a full time health officer. In a cost saving measure, the township is currently contracting with Rahway Township for these services. According to the Rahway Health Officer, services provided to Hillside include compiling data for reports, submitting applications for funds from the state and being available during regular business hours. In order to be eligible to receive priority health funding from the State Department of Health, a municipality must have a population of at least 25,000. As set in state guidelines, as soon as Hillside contracted with Rahway for health officer services, it was considered part of the Rahway Health Department. By contracting with Rahway, the population became greater than 25,000. Therefore, the municipality is eligible to receive priority health funding from the state.

**Hillside is to be commended for this action.**

The health office is a recipient of two separate Community Development Block Grants (CDBG). The Senior Citizen Health Care Program provides \$11,300 for supplemental health services for the elderly. The township also receives \$30,100 for the Maternal/Child Health Care Services CDBG. This program provides health services for low and moderate-income youth of the community.

The township contracts with the Associated Humane Society for animal control officer services. In 1997, the Humane Society was called to Hillside 354 times by the police for animal control and Hillside paid \$22,706 for those services.

**Financial Information**

As already discussed, the health department is funded from various sources, including two state grants, two CDBG programs, fees, and municipal appropriations. The department received approximately \$113,952 in revenue, and had \$356,694 in expenditures. The net operating deficit was \$242,743, which is equivalent to a per capita expenditure of about \$8.40.

**Recommendation:**

**The priority for the department is the provision of health services to the citizens of the community. Because of that priority and the current staffing configuration, there has not been significant attention paid to the licensing fees set by the municipality. The Board of Health has reviewed various sections of the fee-related ordinances over the years, but it appears that the food handling licenses have not been updated since the late 1980's. A comparison of Hillside's fees to neighboring and comparable municipalities (Plainfield, Elizabeth and Union), indicates that the fees are in most instances much less than 50% of those charged by neighboring municipalities. For instance, where Hillside Township may be charging a retail establishment \$50 for a license, Plainfield and Elizabeth may charge \$300 and \$250, respectively. A vending machine license fee in Hillside is \$5, regardless of type of machine. Neighboring municipalities charge as much as \$75 or as little as \$20. The township should reassess its fee schedule. If fees were set at the following schedule and the same number of licenses were issued, as during 1997, the township would increase revenues for health department operations by \$6,988. In addition, the township should consider expanding the scope and variety of licenses to be more in line with other municipalities.**

Type	Current	Number 1997	Proposed	Amount
Class I	\$ 150	2	\$ 225	\$ 450
Class II <50	\$ 50	14	\$ 75	\$ 1,050
Class II >50	\$ 75	8	\$ 100	\$ 800
Class II >100	\$ 150	3	\$ 150	\$ 450
Class III	\$ 50	42	\$ 175	\$ 7,350
Nonprofit Food	\$ 25	3	\$ 25	\$ 75
Vending Machine	\$ 20	53	\$ 35	\$ 1,855
Mobile Food Est.	\$ 150	20	\$ 150	\$ 3,000
Milk and Store	\$ 2	33	\$ 10	\$ 330
Milk and Store	\$ 5	7	\$ 15	\$ 105
Package Food	\$ 25	9	\$ 50	\$ 450
			<b>Total Proposed</b>	<b>\$15,915</b>
			<b>Collected FY97</b>	<b>\$ 8,627</b>
			<b>Additional revenue through increases</b>	<b>\$ 6,988</b>

**Revenue Enhancement: \$6,988**

The department admittedly does not perform the required bi-annual dog canvas. The dog canvas and licensing is intended to control the incidence of rabies. According to the director, the Associated Humane Societies estimates that about 10% of the population in any given municipality owns dogs. Based on this information there should be an estimated 2,200 dogs in the township. Township records, however, indicate that only 661 dogs are actually licensed. The township should comply with state statute and perform the bi-annual dog census. We estimate this could net the municipality at least \$9,542. To accomplish the census, three individuals could be employed for approximately eight six-hour days at the minimum wage. The cost of the canvass would be approximately \$1,000 including wages, taxes, and supervision.

**Revenue Enhancement: \$9,542**

**Value Added Expense: \$1,000**

## **PUBLIC WORKS**

The public works department provides vital services to the community and is highly visible. In Hillside this department is responsible for the maintenance of the township's roads, garage, buildings, traffic signals, shade trees, public property, storm and sanitary sewer maintenance, and parks and playgrounds. A public works superintendent who has twenty-three years of experience in the Hillside Department of Public Works heads the department. It is his stated goal to make the department more proficient in the performance of its duties, however, the department's mission is not clearly stated, defined or promulgated.

The department has four primary operational divisions: roads, garage, building maintenance, and recently added traffic signal repair. Salaries accounted for 68% of total actual expenditures for FY97. A review of expenses over the last three years reveals a two percent overall decrease in the department's salary and wages, however, garage salaries have increased over 20%. Noted also is the increase in expenditures for traffic signal repair. This function's total expenditures have increased by \$28,836, or 183% over three years.

### **Organization and Staffing**

The department includes a staff of twenty seven employees plus two volunteers, for a total of twenty nine. Not including the office staff, the department is represented by the Public Works Independent Union (PWIU). The staffing breakdown is as follows: 1) Roads: fifteen employees, 2) Garage: three employees, 3) Building Maintenance: four employees and two volunteers, 4) Traffic Signal Repair: one employee. In addition to the four areas mentioned above, administration of the department is staffed by two clerk typists, a general foreman and the superintendent.

The ratio of supervisors to employees is approximately one to five. The superintendent reported four vacancies: one supervisor, one equipment operator, one road repairer and one laborer. These vacancies, while listed, are not funded. The department asserts that the staffing level is low given their number of daily assignments. In 1993, Hillside had 39 employees assigned to public works. Since then, some of the work in the department has been contracted out to the private sector. Tasks are assigned on a daily basis by priority. The superintendent has an informal schedule of large projects that he would like to accomplish but for the most part, the department performs routine tasks and responds to emergencies. There are certain routine assignments in the department, such as street sweeping and leaf collection. However, many tasks are scheduled as time permits. Due to the fact that there is no project schedule and minimal documentation of work completed, it is difficult to determine if the indicated lack of resources is due to lack of organization and planning, or a genuine inadequate staffing level.

### **Recommendation:**

**The department is in grave need of a more clearly defined mission and prioritization of work. This would facilitate the planning and the organization of assigned tasks so that there would be more effective use of available resources. The department would be able to institute project schedules, action reports and provide data for the analysis of its work product. Given this data it is likely that a more appropriate organizational structure and staffing levels could be attained. It would further allow them to concentrate on matters of high priority. Performance efficiencies can be achieved through the utilization of maintenance management software. Programs are offered by a variety of companies at an estimated cost of \$1,500. These programs offer expense tracking, purchase order systems, chemical, and fuel tracking. A program such as this would provide the department with**

comprehensive records of all activities and would rid the department of a significant portion of its manual record keeping activity. This would further enable the department to realize a \$26,070 savings in salary and wages through elimination of one clerical position.

**Cost Savings: \$26,070**  
**Value Added Expense: \$1,500**

### **Work Load**

The department has a Monday to Friday workweek, 7:30 a.m. to 4:00 p.m., with one hour for lunch and a morning and afternoon break. The daily assignment sheets identify the areas of service as: shade tree, traffic, sweeper, stumper, cold patch/hot patch, recreation, road repairs, town hall, hauling/grounds, pumping station, sewer jet, washing cars, and garage assignments. The mechanic assignments are infrequently entered on this form. The department is not fully computerized and therefore relies on manual work logs, which are often incomplete.

### **Recommendation:**

**It is recommended that the work logs for the department be completed before the employees leave the work site for the day. Accurate and up-to-date records are important to the smooth and efficient functioning of every department. The logs should capture all the cost components of the job, such as time worked, parts, equipment and fuel. This data can then be readily compared to industry data to gain a clear perspective on cost effectiveness.**

### **Productivity**

Overtime for FY97 amounted to \$83,248, which is equivalent to 6% of the department's fiscal 1997 salaries. The largest amount of overtime appeared in the garage at 8% of total wages. The superintendent reports that overtime in the department is usually due to emergencies, however, during May of 1997 there were four members of his staff out on job related injuries. The superintendent approves overtime and a review of the payroll records indicated that the senior employees received the most overtime in 1997.

<b>Overtime Analysis</b>			
<b>Department</b>	<b>Overtime</b>	<b>Salary &amp; Wages Expend</b>	<b>% Overtime</b>
Roads	\$61,008	\$ 1,034,570	6%
Garage	\$14,455	\$ 173,902	8%
Building Maintenance	\$ 6,647	\$ 127,991	5%
Traffic Signal Repairer	\$ 1,138	\$ 42,387	3%
<b>Totals</b>	<b>\$83,248</b>	<b>\$ 1,378,850</b>	<b>6%</b>

During the course of the review it was noted that there were road vehicles out of service when they were needed. It was represented that this was due to the department's inability to schedule preventive maintenance, in turn causing a diminished capacity to contain avoidable emergencies. Down time on township vehicles hampers worker productivity.



**Recommendation:**

**We recommend that a comprehensive preventive maintenance plan be implemented in order to maximize availability of township vehicles.**

**Sick Leave**

Sick leave is first recorded in the department and then tallied in the city clerk's office. There are members of the DPW staff that are frequently out of work on job injuries. The staff is given approximately 17 sick days each year. Although the department employee handbook outlines safety measures and doctors' notes are required for recurring absences due to illness, there are still times when up to seven percent (7%) of the overall staff and over twenty percent (20%) of the road staff is absent.

**Recommendation:**

**The department's employee contract is more generous than the state in its allocation of sick time. This is addressed further under the personnel section of this report. While the state allocates 15 sick day to its employees, the township allows 17 days. The two additional days, in this department, alone, costs the township approximately \$8,848, given the department's combined daily rate of \$4,424. Eliminating two sick days also provides additional savings in overtime. The value of the elimination of the two sick days as a savings is quantified in the personnel section of this report.**

**Allowances**

The members of the PWIU receive allowances for the purchase of clothing, tools and shoes. The current contract allocates \$375 for shoes, \$625 for clothing and \$415 for tools. Review of department records reveals the township also has a contract which provides the department personnel with clothing at a cost of approximately \$100 per week. Maintaining a clothing contract and providing a clothing allowance for purchase of uniforms is duplicative and wasteful.

**Recommendation:**

**It is the team's recommendation that because the township supplies uniforms, they should seek to eliminate the contract terms which provide a clothing and tool allowance to the members of PWIU. The use of public funds without evidence of use for the purpose for which it was intended is very significant. As such, the township should seek to eliminate this direct benefit to the individual. Competitively contracting for the purchase and maintenance of uniforms and tools provides greater control of these expenditures.**

**Cost Savings: \$26,000**

## **Roads**

Review of the roads area revealed there is one supervisor in charge of four equipment operators, five road repairers and five laborers. This section is responsible for road repair and maintenance, ground maintenance, street sweeping, snow removal, and shade tree maintenance in the township.

Road Repairs: There are 38 miles of township road which are maintained in the township by hot and cold patch crews. While the crews aggressively hot patch in the summer and cold patch in the winter, streets that require full repaving are referred to the township engineer for contracting. Labor cost associated with these repairs were not readily identifiable because of the department's poor records.

### **Recommendation:**

**The township should consider competitively contracting the hot patch work. Depending on the prices obtained, it is highly likely that the township will realize cost savings in this aspect of roadwork. Existing personnel could then be utilized in other areas that require additional personnel.**

## **Street Sweeping**

Each day the department sends out two street sweepers with two equipment operators to sweep Hillside's roads. The two operators take five days to accomplish this task. All the streets in Hillside are posted with street signs indicating the days that street sweeping will take place.

While touring the township, the team observed the sweepers cleaning the same street, one behind the other, only minutes apart. While this practice may provide for particularly clean streets, we do not believe it is an efficient use of tax dollars.

### **Recommendations:**

**The team feels the level of staff and equipment assigned to street sweeping is too high. A check with an outside contractor revealed that it should take one person and one machine, instead of two to clean the streets the township is responsible for. Therefore, it is the team's recommendation that reducing the street cleaning crew to one operator with one sweeper would accomplish the task. The staff and equipment reduction would net the township approximately \$52,100 salary costs plus the residual value of the equipment. Calls to various sources indicate the market value of a 1993 Sweeprite sweeper is estimated to be \$10,000. The township could consider disposal of this unit at an auction, alternate its use with the primary unit, or hold it in reserve.**

**Cost Savings: \$52,100  
One Time Revenue Enhancement: \$10,000  
(if auctioned)**

### **Snow Removal**

In an average snowstorm Hillside sends out five trucks, in a combination of plows, sanders, and salters. The vehicles used during these times are not solely used for snow removal and are used during other times of the year. Salt and sand is gathered from the county in a shared service program. The plows go out after the police department notifies the public works department of a weather emergency or inclement weather. The labor force usually scheduled for snow removal during non-operating hours is made up of approximately 12 to 15 employees.

### **Shade Tree**

The shade tree operation in Hillside plants, feeds, sprays, trims and removes trees year round. A standard shade tree crew consists of one equipment operator, one road repairer and one laborer. In fiscal year 1997 the shade tree operation accounted for 173 takedowns, 176 stump removals and 144 new plantings. Even given this level of activity there is no shortage of shade tree requests for service in Hillside. These requests for service include anything from a low hanging branch to a sidewalk being displaced due to roots. Currently, there is an approximate backlog of 1,102 requests.

### **Recommendation:**

**The establishment of a volunteer Shade Tree Commission of Hillside residents would benefit the township in this area. This commission would establish priorities, and establish policies and procedures that would be followed regarding shade trees.**

### **Grounds Maintenance**

The grounds maintenance section consists of one equipment operator and one laborer. They have 25 areas to maintain, which include several bridges, parks and grass medians. The shortest job, which is a triangular median, takes fifteen minutes to trim. The longest job, the lawn surrounding the Town Hall, takes as much as one day to trim.

### **Recommendations:**

**The team recommends that due to the seasonal nature of these tasks, the township explore sharing the grounds maintenance with the school district. The department has a significant amount of equipment that could be used by the schools. Pooling resources is a good means of improving operational efficiency. A shared service agreement with the school district can also facilitate a higher level of service delivery in Hillside. In the future, Hillside and the school district should look at competitively contracting these functions. Combining both agencies can increase the purchasing power of the municipality and the school district at the time of competitively contracting out the service.**

### **Garage**

The garage performs maintenance on the majority of township vehicles and a variety of equipment utilized by the township. These include but are not limited to police, fire, road, building, health, recreation, and senior vehicles. Staffing consists of one senior mechanic, and

two mechanics. The staff utilizes 4,480 square feet of garage area. The superintendent advised that repairs take priority and once completed the mechanics start preventive maintenance work on vehicles.

Review of the garage operation revealed that there is poor organization and very little control over the assets assigned to this function. Parts are stored on site in a small-unlocked room in the garage. During the review the team observed minimal activity in this area.

The majority of repairs to the police vehicles are done by the public works department, however, major repair work (ex. transmissions, major engine repair, etc.) is sent out to local garages. These vehicles are routinely sent to the township's mechanics for preventive maintenance work. There were varying assessments from police staff on the condition of vehicles and the quality of maintenance on the police vehicles. Some personnel told us that the vehicles were in awful condition, while others told us that the vehicles were acceptable. Some told us that it took many days or even weeks for a vehicle to get repaired and it often had to go back for adjustments, while others said that the township's mechanics were doing a good job. The police officers, along with their immediate supervisors are required to do a daily check of the vehicles that are going on the road and log the results. In looking at the logs, along with mechanic reports supplied by the public works department, there were often times where a vehicle reported the same problem multiple times before being corrected. Some of those delays, however, were represented to be justifiable by the public works department, which indicated they were "waiting on parts."

### **Recommendation:**

**While it is very difficult to determine the true facts, there does seem to be a problem with vehicle repair in the township. The public works department, the personnel involved in the purchasing process, and all other personnel involved with vehicles should discuss the problems that are occurring in the maintenance of vehicles and develop appropriate solutions.**

It is clear that vehicle records are kept in a haphazard manner in multiple departments. The team requested a list of township vehicles and discovered that a comprehensive list did not exist. Once compiled at the teams request, the vehicle list showed a total of 71 vehicles and 62 pieces of miscellaneous maintenance equipment. In FY97, the garage expended \$253,582 for parts and labor which equates to a per vehicle maintenance cost of approximately \$3,571.

At the rate of twenty-three cars per mechanic, the department estimates they spend a total of 652 hours performing routine maintenance per year. This averages 4.17 hours per week per mechanic on maintenance, yet this section of DPW incurred the highest percent of overtime. On the building vehicles, they spend 18 hours per year in regular maintenance of three vehicles. On the board of education vehicles, they spend approximately 18 hours in regular maintenance of two vehicles. On the public works road vehicles they spend approximately 145 hours per year on 19 vehicles. On the fire department vehicles they spend a total of 111 hours per year in the

maintenance of 11 (only three are fire trucks) vehicles. On the police vehicles they spend approximately 360 hours. The remainder or majority of the time is used in non-routine repair work.

**Recommendation:**

**The current market cost for vehicle maintenance is approximately \$2,700 per vehicle. Based on this statistic and the team's observations, the township is operating a very expensive and inefficient vehicle maintenance program. It is recommended that Hillside competitively contract vehicle maintenance. It is also recommended that all of the board of education vehicles be included in this endeavor. The potential savings is estimated to be approximately \$61,841.**

**Cost Savings: \$61,841**

The township has an outdated fuel system, which relies on manual entries. The DPW has three fuel pumps: two gasoline and one diesel. The fuel for these pumps is purchased, through a county cooperative purchase plan, from Allied Oil. In FY97, the department incurred an annual fuel cost of \$56,351.

**Recommendation:**

**Hillside should initiate a comprehensive plan for maintaining records on fuel consumption. Fuel costs should be distributed as an expense of the department that uses the fuel in order to more adequately ascertain and control costs in this area. Software is available to accurately track these types of expenses.**

**Building Maintenance**

This area of the department performs in both custodial services and building maintenance. It is staffed by a supervisor of building services, a building maintenance worker, a laborer, a part-time worker and two volunteers from the Division on Aging. The maintenance supervisor is well skilled in building repairs and they utilize the electrical expertise of the traffic signal repairer when he is not busy. They do some small repairs on the Heating Ventilation and Air Conditioning Systems (HVAC). Major repairs are contracted out to a private vendor. For the most part, the staff of the building maintenance department functions in a custodial capacity. The municipal property for which they are responsible is 1) the senior citizen's center, 2) the day care center, 3) the recreational center, and 4) the township hall. This staff infrequently cleans the public works garage. On a regular basis 76,33 square feet is cleaned and maintained. In FY97 total operating costs for this operation amounted to \$210,554, equaling \$2.76 per square foot.

<b>Maintenance Analysis</b>	
Square Footage	76,333
Township Salary	\$99,821
Total Benefits	\$28,170
NCOA Salaries & Benefits	\$13,720
Supplies	\$68,842
Total Salary and Supplies	\$210,554
<b>Cost per Square Foot</b>	<b>\$2.76</b>
<b>Competitive Contracting of Services</b>	
(Custodial + Maintenance + Supplies Costs) = per sq. ft.	
$(.84 + .51 + .29) = 1.64$	\$1.64
Total Cost @ 76,333	\$125,186
<b>Net Savings</b>	<b>\$85,367</b>
<b>% Savings</b>	<b>41%</b>

#### **Recommendation:**

The LGBR team recommends competitively bidding building maintenance service. By doing so, Hillside could potentially reduce its costs by 41%, or \$85,367. The team further recommends that before taking this action, the municipality consult the school district and consider a joint bid. It is our belief that jointly the school and municipality could command a better package price.

The township is cautioned on using any contractor or person not licensed in his/her particular field, if one is required.

**Cost Savings: \$85,367**

#### **Traffic Light Repair**

This operation utilizes one traffic signal repairer to maintain various street signs, traffic lines and curbs, and traffic signals. The repairman also works with the building maintenance department in doing small electrical jobs. There were no records maintained of the jobs completed.

#### **Recommendation:**

The team reiterates its recommendation to utilize proper work logs. Additionally, a check with the county and state revealed that this service is only provided on the local level. Housed within the municipal garage it utilizes an area filled with traffic signal parts. It is recommended that since this service is unique to the local level of government, the township should try to provide this service to other towns and utilize it as a potential revenue source.

<b>Public Works Summary</b>	<b>Itemized Costs/ Savings</b>
Eliminate (1) Clerical Position	\$26,070
Purchase Public Works Software	(\$ -1,500)
Eliminate Uniform Allowance	\$26,000
Eliminate (1) Equipment Operator Position	\$52,100
Privatize Garage Operations	\$61,841
Privatize Building Maintenance	\$85,36
<b>Total Budget Savings</b>	<b>\$249,878</b>
<b>Total Expended (FY97)</b>	<b>\$1,615,398</b>
<b>Savings as a % of Expended</b>	<b>15.5%</b>

### **SWIMMING POOL UTILITY**

The Swimming Pool Utility was established as a utility in 1975. The pool and related buildings are located on Central Avenue adjacent to a playground and park. The combination of a park like setting and a pool bordering a residential area makes this a major attraction in Hillside. More than 600 families and individuals join the pool each year paying annual fees ranging from \$280 for a non-resident family to \$50 for a resident, senior individual (see table below). The swimming pool also contains a snack bar. The township bids this concession each year and receives approximately \$3,000 in revenue as a result.

In addition to these annual fees and concession revenues, the township charges guest fees of \$5 for adults and \$3 for children during the week. Guest fees are slightly higher on the weekends. Township records indicate the utility received a total of \$97,812 in FY97 attributable to fees and also utilized \$13,500 of surplus for total revenues of \$111,312 (unaudited). Total FY97 expenditures were represented to be \$101,093 (unaudited). It would appear that revenues cover current operating costs; however, as discussed below the township has not identified all pool utility costs.

<b>Membership Breakdown (1996) Season</b>			
Category	Fee	No. of Memberships	Estimated Dollars
<b>RESIDENTS</b>			
Family	\$160	321	\$51,360
Individual	\$110	39	\$4,290
Seniors	\$50	135	\$6,750
<b>Resident Total</b>		<b>495</b>	<b>\$62,400</b>
<b>NON-RESIDENT</b>			
Family	\$280	29	\$8,120
Individual	\$155	20	\$3,100
Seniors	\$115	95	\$10,925
<b>Non Resident Total</b>		<b>144</b>	<b>\$22,145</b>
<b>Grand Total</b>		<b>639</b>	<b>\$84,545</b>

The swimming pool is staffed, operated and maintained under the utility of the treasurer who takes direction from the swimming pool commission. The commission members include citizens, pool members, the mayor, one council member, and the treasurer.

The treasurer indicated she spends an average of 3.5 days per year on pool related work. She hires hourly people to help administer and operate the pool. This begins in March when the treasurer hires a secretary who works through October. The secretary sends out applications to the individuals who worked at the pool in the prior year. Approximately 23 people including lifeguards and maintenance personnel are hired for the pool season. The salary and wage costs for these per diem people is approximately \$55,000.

During the pool season, two hourly maintenance personnel work seven days per week on the morning shift (7:30 a.m. to 3:30 p.m.) and two work on the evening shift (3:30 p.m. to 11:00 p.m.). Discussions with the treasurer regarding this staffing lead to the conclusion that one, instead of two, maintenance personnel should be able to handle the evening shift during the less busy days Monday through Friday.

#### **Recommendation:**

**One maintenance staff position should be eliminated from the Monday through Friday evening shift. This would reduce costs by approximately \$2,510, using a 35 hours work week and \$5.50 hourly wages for 12 weeks.**

**Cost Savings: \$2,510**

The public works department is responsible for maintaining the pool and buildings. During pool season this is a seven-day a week job. The township gives compensation time for any weekend work completed by public works personnel. This avoids additional cash disbursements for the



weekend work. However, it still impacts upon the overall amount of time the employee is available to the township. The salary costs for these public works personnel is about \$15,000 plus fringes of approximately \$4,200 for a total \$19,200.

In addition to personnel costs, the pool incurs about \$5,000 in electric charges, \$1,700 in telephone charges (because this was so high the township removed the phone for the coming year), and \$250 for gas to run the hot water heaters in the showers. All of the above operating costs, except the treasurer's time, and the DPW personnel costs are included in the operation of the pool. However, when we consider the costs that were not charged to the pool utility and surplus utilized, it is evident that the pool actually operated at a loss of approximately \$23,500 for fiscal 1997.

When a utility that should otherwise be self supporting is losing money the taxpayers must subsidize the facility. This impacts upon the local purpose tax rate.

**Recommendation:**

**The treasurer's and DPW personnel's time and other expenses incurred should be allocated to the operation of the pool. This more accurately portrays the true operating costs. The cost for the treasurer's 3.5 days per year including fringes is \$1,055 and the cost of DPW personnel is estimated to be \$19,200. These costs should be reallocated from the township to the swimming pool utility.**

**Cost Savings: \$20,255  
(to township)**

In terms of capital costs, the pool was built in the 1960s and the township completed major reconstruction work in 1990. Neither the township nor the swimming pool commission has a capital replacement plan for the pool, equipment, or the buildings at this time. These capital needs should be identified so Hillside can properly account for these costs and develop a plan to fund them. This will help to ensure that the township properly maintains this asset.

**Recommendation:**

**Hillside should develop a capital plan, which identifies the long-term replacement costs for the pool, buildings and related equipment and provide sources of revenue to properly fund this plan.**

The recommendation to identify future capital costs will undoubtedly increase the amount of revenue required to fully fund the swimming pool. This will represent a challenge to Hillside because over the past several years' attendance at the pool has declined in spite of efforts to increase it. For example, the township has surveyed other communities to identify what they have done to increase pool attendance. They have tried different ideas including using different fee structures and advertising methods but none have been very successful.

## **Recommendations:**

The swimming pool commission, with the full support of the administration, should recommit its efforts to market the pool to increase attendance and maximize income. When an analysis of membership is done, it is evident that substantial improvement could be accomplished. Only 135 of Hillside's senior citizens are members, yet 95 non-Resident seniors are (70% of Hillside's total senior membership) members. Only 39 Hillside Individual memberships exist. Based on population alone it is logical to assume that the potential for substantially more memberships, and therefore income, exists from Hillside residents. This could be accomplished through an aggressive marketing effort, membership campaign, fee adjustment and the implementation of specialized programs focused on physical fitness.

**Revenue Enhancement: \$24,000**

While the township removed the telephone from the pool area the team recognizes that a telephone is essential to the operation of the pool from both a practical and safety perspective. In discussions with the business administrator it was determined that a substantial component to the high cost of the phone was a result of unauthorized toll calls and calls to "900" numbers. With modern technology it is possible to block high cost phone calls. As an alternative, the installation of a pay phone could be considered. Either of these alternatives will provide the convenience and safety of a telephone on site and eliminate the cost heretofore incurred.

The township should evaluate which full time office is best equipped to manage all aspects of the pool utility. The team feels that 3.5 days per year spent on this endeavor by the treasurer is not adequate. Consideration should be given to transfer management responsibility to the business administrator.

## **INSURANCE**

The township is currently in the process of assessing its insurance needs. Long-standing policies were reviewed to determine if the township was sufficiently insured and if it was getting the best price possible.

**The township is commended for undergoing the comprehensive review and for actively pursuing quotes from alternate insurance carriers.**

The township solicited informal insurance quotes for 1998 from prior providers and from a private agency which packages plans on behalf of the North Jersey Joint Insurance Fund (JIF). Believing it would be participating in the JIF, the township accepted a quote based on the packaging of property and casualty policies, with the exception of workers' compensation, under one policy. The workers' compensation policy is provided by the same agent but is a separate policy. The business administrator estimates a total savings of \$260,602 in 1998 compared to the renewal prices given the township from the brokers handling the 1997 policies. According to the

insurance broker handling the package policy, however, the township is not included in the JIF. The business administrator is in the process of attempting to resolve any miscommunication between the township and the broker.

### **Property, Casualty and Workers' Compensation**

The team reviewed several of the policies in effect during the 1997 calendar year. It appears the vehicle insurance premium calculation was off by \$16,200, according to the composite rate schedule provided by the business administrator. In addition, the same coverage as purchased in 1997 could have been purchased with a \$500 deductible, rather than the current \$250 deductible, from the same insurance company with a \$52,800 saving. A comparison of the vehicle list provided by the public works department indicates the township owned 75 vehicles by the end of 1997 (four leased police vehicles were added during the year) however insurance records reflect only 66 vehicles insured. It does not appear the discrepancy was resolved prior to initiation of the 1998 contract since 58 vehicles are insured under the current policy. According to the business administrator, the DPW list may also contain "construction equipment" type vehicles and township staff is currently attempting to separate the equipment from the vehicle listing. Confusion of this type could have been avoided had the township maintained the required fixed asset list as required by state statute.

The 1998 package policy provides for all types of insurance, including property and casualty, employee liabilities, and automobile. The 1998 premiums quoted the township for workers' compensation coverage meet the industry standard effective January 1, 1998. It is anticipated that the change in processing resulting from the new policy, will reduce the city clerk's staff will time spent on workers' compensation to 10%.

As mentioned above, the township does not have a current fixed asset inventory available, therefore the property and casualty policy coverage is based on outdated and incomplete information. Further, review of the original statement of values provided by the insurance agency indicated that a listing of properties insured was missing a fire station and contents, which are valued at \$1,000,690. Based on the LGBR team review, the broker corrected the statement of values. There is no current asset inventory or building appraisal assessment. In order to appropriately insure property, the township needs to have a clear understanding of all property owned by the township and its true value.

### **Recommendation:**

**To ensure insurance levels are appropriate, the township should undertake a comprehensive asset management and inventory control program of all property and equipment owned by the township. The cost charged by a private firm to establish and catalog an adequate inventory control system would be approximately \$6,000.**

**Value Added Expense: \$6,000**

Prior to the change in insurance coverage effective in January 1998, the township was self-insured for workers' compensation and had a third party administrator to oversee the fund. A clerk within the clerk's office spent between 30 to 40 percent of her time, at an approximate staff cost of \$15,244, processing claims and interfacing with the third party administrator. The township provided an appropriation of \$225,000 for FY97 and had an umbrella policy, at a cost of \$32,500, to cover occurrences accumulating to more than \$250,000, or a cumulative \$500,000 in claims for the year. The third party administrator was paid a premium plus a percentage of each claim for a total of \$51,939 during FY97. A review of the PEOSHA reports for 1996 and 1997 indicates that 43.25% of the total 430 lost days during FY97 were for employees of the public works department, 9.07% by employees of the fire department, and 1.86% by library employees. The police department had 197 lost days, or 45.81% of the total lost days, however, 131 of those days were related to one claim resulting from a traffic accident.

A review of the workers' compensation program identified several cost factors, which would not necessarily be addressed by a new insurance policy. Rather they are policy issues to be addressed by the township. Included in those factors are lack of safety training, an inactive safety committee, 100% salary payment, salary payment from the first day out of work, no preferred medical provider, incomplete records, apparent lack of wearing safety gear, no incentive to return to work and lack of clear guidelines to employees regarding workers' compensation injuries.

A review of the physical workers' compensation files indicates that the township does not keep complete records on claims, including the omission of doctor's notes regarding time off from work. Further, the review indicated that while it is the township's policy that those suffering from workers' compensation injuries visit a preferred doctor, municipal employees were able to visit their own doctors, including specialists. The lack of written guidelines for injured employees and the township's willingness to accept the medical bills for the non-approved doctors assisted in driving up the cost of the workers' compensation coverage. A 20% managed care organization discount was given to the township for its 1998 workers' compensation plan.

### **Recommendation:**

**The township should identify a medical clinic in the area which specializes in workers' compensation claims, and use that agency as the only approved medical provider. Claims from employees who go to other doctors without the appropriate referral should be denied.**

### **DPW Workers' Compensation**

The team reviewed workers' compensation claims in the DPW due to the high number of days lost by civilian employees in this department. The employees' handbook outlines safety requirements for DPW staff. However, a review of the township's workers' compensation loss run report revealed up to eight DPW employees, who have filed claims over \$10,000 from 1990 to 1997. Berkley Risk Managers evaluated the department and specified 21 loss control recommendations, some of which are mentioned below. Berkley emphasized in its letter, dated November 11, 1997, the need for a light or restricted duty policy in reducing lost time due to accidents. The personnel records for fiscal 1997 indicate the absences due to job injuries ranged from two days to one month. The township pays out 100% on workers' compensation claims

starting on the first day of work missed. In only the first few months of fiscal 1998 workers compensation records indicate ten public works employees have filed claims. This data would be indicative of an increase in job related injuries. The superintendent is implementing the Commercial Drivers License, (CDL) requirements which includes random drug testing, as well as recommending a light duty policy.

#### **Recommendation:**

**The LGBR team supports the departments' efforts to implement a light duty policy and random drug testing. There are a number of tasks in the DPW office and building that can be assigned as light duty work. Performing random drug tests can have a positive effect on the quality of the staff that is hired. There is also the added benefit of increased productivity through the reduction of sick time used and overtime incurred. Lastly, a light duty policy and random drug testing reduces the township exposure to liability by reducing the number of workers' compensation claims and possible litigation exposure if drug use is found. Light duty, however, must be monitored closely to ensure that its use is not abused, and the township receives a benefit from its implementation.**

The following is a summary, by department, of the salary portion of workers' compensation claims paid during FY97:

<b>FY97 Workers' Compensation Claims</b>					
<b>Department</b>	<b>Total Days Missed</b>	<b>Calculated Salary at 100%</b>	<b>Savings if Paid 70%</b>	<b>Savings if Not Paid for Days 1-7</b>	<b>Potential Savings</b>
DPW	186	\$ 28,482.00	\$ 8,544.60	\$3,678.00	<b>\$11,119.20</b>
Fire	39	\$ 26,018.00	\$ 7,805.40	\$2,640.00	<b>\$ 9,653.40</b>
Library	8	\$ 246.72	\$ 74.02	\$ 0	<b>\$ 74.02</b>
Police	197	\$ 46,872.00	\$14,061.60	\$ 2,803.00	<b>\$16,023.70</b>
Totals:	430	\$101,618.72	\$30,485.62	\$ 9,121.00	<b>\$36,870.32</b>

#### **Recommendations:**

**The township currently provides 100% salary, starting on the first day of missed work, for any employee that is unable to work due to an injury or illness inflicted at work. It was unclear, based on conversations with several staff of the township, why this policy is in effect; other than it has been the practice. The one ordinance provided by the clerk's office does not specifically address this salary payment policy nor do any of the labor contracts. As per state statute, workers' compensation insurance pays for 70% of the salary and wages and only after the eighth day of work is missed. The township pays the remaining**

**30% cost. By following the statute, the township could save \$36,870, or 36% of annual salary costs based on the salaries and experiences of FY97. The team strongly recommends that the township eliminate the 30% supplemental workers' compensation payment.**

**Cost Savings: \$36,870**

**It appears the township does not have an effective safety program. Claims seem to be concentrated in specific departments and it appears many of the injuries could have been avoided if the employees were wearing proper safety equipment. The township should periodically request that a risk manager perform a risk assessment of properties and equipment. In the November 1997 letter, referred to above, the township's risk manager made numerous recommendations. The suggestions included, in addition to creating a light duty program, monthly safety meetings and training for staff, written safety rules, special safety training for supervisors, and mandatory wearing of safety equipment. In addition, the township should re-establish an active safety committee. As a model, the township should start lines of communication with the township's board of education. The Board of Education has an active safety committee, which has resulted in a better safety record than the township.**

### **Health Insurance**

The township participates in the State Health Benefits Plan for health benefits and prescriptions but is considering other options. The various employment contracts stipulate employees are provided with health insurance coverage for them and their family at least equal to the State Health Benefits Plan. The township has had some success in encouraging 52% of the 229 covered employees to participate in the less expensive managed care plans. Forty-eight percent, or 110 employees, participate in the traditional plan. The cost of health insurance for December 1997 was \$90,723, which would equate to \$1,088,677 for the 1997 calendar year. Dental coverage is provided on an 80/20 basis by a private provider at an anticipated cost of \$192,000 for FY98. As previously mentioned, the township is currently considering cost savings options and is waiting for three informal premium quotes covering all three aspects of health insurance.

A comparison of the payroll data versus employees covered under the township insurance plan revealed that one former employee who had employment severed prior to June 1997 continues to be covered under the municipal plan. The former employee is being provided with married level insurance for a cost of \$391 a month, or \$4,689 for a year.

### **Recommendation:**

**The township should take corrective actions to ensure that the one former employee still receiving full health benefits be removed from the township's health insurance. Further, township staff should be responsible for routinely reviewing the list of all covered employees under the health, dental and prescription plans prior to processing any payments to vendors.**

**Cost Savings: \$4,689 per year**

The township pays an additional \$38,000 per month for health benefits for retired employees. A review of the various employment contracts shows the health insurance coverage for retirees varies depending on the bargaining unit. However, a review of the current list of retirees receiving health benefits indicates that all had at least 25 years of service or were eligible, under state statute, for early retirement. The township should consider adopting the minimum state standard of 25 years of employment in order to receive paid health benefits upon retirement for all bargaining units.

### **Recommendation:**

**As already mentioned, health insurance is provided to all contract employees and their families at no cost to the employee. The township should endeavor to negotiate a 20% co-pay for costs other than single coverage. If the township were successful, at 1997-98 rates, they could expect to save \$98,161 by passing these costs on to the employee. The township could set up a medical savings account under Section 125 of the IRS code in order to lessen the effect of the co-pay and to reduce the tax burden of its employees. The employee would be exempt from paying Federal taxes on this account.**

**Cost Savings: \$98,161**

## **TECHNOLOGY - FINANCE - PURCHASING**

The team interviewed the mayor, businesses administrator, CFO and several other members of the township's staff in an effort to determine the level of computer technology and software availability currently being utilized by the township. Early in the review process it became evident that no interconnected computer network existed. There was, however, some limited networking present within individual departments, i.e. finance and tax collection. Each department is currently operating independently from the others in regard to modern computer technology. Departments are essentially using basic personal computers and there is no plan to upgrade computer technology. The mayor, however, has indicated a desire to establish a committee of local citizens in order to develop a technology plan.

The software being utilized by the finance department in particular is inadequate. The lack of any individual detailed line items which should be used to track, analyze and develop a comprehensive budget is a significant drawback to making informed management decisions. This situation was a major hindrance that permeated every aspect of our review process. The team feels that detailed line items are an indispensable management tool. When the CFO was asked about the lack of detailed line items the team was told that Hillside had "good department heads," indicating that such a breakdown would be unnecessary. On the other hand, the department heads at various times stated that they did not receive regular reports, and in most cases received none from the finance department and were unaware of the status regarding where their departments stood in relation to the current budget. This was the case for both salary/wages, including overtime, and general operating expenses. This led to a general feeling of frustration on the part of department heads.

## **Recommendations:**

**The team feels that in order for management to make informed decisions they must be provided with accurate, up to date financial information on a regular basis. The finance department should be responsible for providing this information to the department heads, the mayor, business administrator and township council. It is necessary for Hillside to establish a genuine requisition, encumbrance/purchase order system that is workable in the township. This system should include, rather than exclude, department heads by regularly providing them with appropriate management reports. In this manner they can manage the department for which they have responsibility in a more informed manner.**

**The team commends the township on the concept of establishing a committee of citizens to review the township's technology needs. Citizen input and involvement in government is a very important component of the process. As mentioned earlier, the township should consult with the local board of education. The BOE has offered assistance in the field of computer training which could be a very effective cost effective tool in assisting township employees in the proper utilization of computers. There are also numerous very reputable computer consultants statewide that are providing municipalities with complete software and hardware packages, which include installation and training. These firms provide hardware under state contract which further enhances their value. It is recommended that Hillside contact a reputable firm to evaluate its needs and provide a proposal to the governing body for a networked system including all software and training. The software package should include, at a minimum, a complete and comprehensive finance package, tax and utility billing and collection, purchasing, compatibility with the just obtained tax assessment program, licensing and fees, scheduling, email, department specific programming and word processing. The new committee can then evaluate the proposal. A review of systems installed in communities comparable to Hillside revealed that acquisition of a system has been accomplished at a cost of approximately one quarter or less of what Hillside has paid since 1987.**

**Value Added Expense: \$150,000**

The team observed and reviewed, at various times, the purchasing system currently in place in Hillside. While several issues could have been listed here one stood out as being of prime concern and indicative of a lack of management and control. The team reviewed contract and purchasing records for the township's computer consultant. From 1987 to 1997, the township paid \$608,389 for services performed by the consultant. The team has concerns over the documents governing the consultant's financial relationship with the township.

The resolutions appointing the computer consultant do not specify the services to be provided, the cost, or a "not to exceed amount." The township could not provide a detailed and executed service contract describing the scope of services to be performed by the computer consultant for the past 10 years. The only executed service contract found by the team was an agreement dated June 17, 1986. After reviewing this agreement and other documents, the team concludes that the consultant was originally intended to provide software systems support for an annual fee with additional compensation for work beyond a monthly allotment of hours.



From vendor history detail reports supplied by the finance department, the team has determined that the consultant provided services far beyond its original role of software support. New computer hardware, equipment and routine office supplies such as toner cartridges and backup tapes were purchased through this consultant as well. Typically, these items are purchased from a computer or office supply store rather than a consultant. In observing the type and quantity of hardware present, the team questions the appropriateness of this significant expenditure.

### **Recommendation:**

**The township should review its requirements for computer consulting and insure that a detailed scope of services is produced for the next agreement. The agreement should have detailed prices for each service provided. Since computer consulting is a highly competitive field, the township should also solicit proposals from area firms to determine if these services can be provided at a lower cost. While also mentioned elsewhere in this report, the subject of properly negotiated and executed professional service contracts cannot be overemphasized. These contracts should be carefully negotiated, clearly delineating what is expected of both parties, and include a “not to exceed clause.” They should also include what is to be paid for the service and how payment will be made.**

**The township should investigate the feasibility of combining the purchasing department of the township with the Hillside Board of Education’s Purchasing Department. The function of each is similar enough in concept that by combining both, an economy of scale may be achieved with no adverse effect on the quality of services.**

## **PUBLIC LIBRARY**

The Hillside Public Library occupies two floors in a wing of the municipal building on JFK Plaza. This is the same building which houses the municipal administrative offices and the police department. The library has its own entrance and is not accessible from inside the main building. In general, the library operates as an autonomous entity from the municipal government. Library staff perform payroll, purchasing, contracting, banking, investing, and budgeting functions independently of the township. The municipality provides insurance, utilities and maintenance for the library, without reimbursement from the library. The public library space is bright, neat and contains a meeting room, available at no charge, for local organizations.

The operations of the library are governed by a nine member board of trustees consisting of the mayor (or designee), the superintendent of schools (or designee) and seven citizens appointed by the mayor, or previously by the chief executive. A review of the minutes of the board meetings indicate that the board serves to approve expenditures and budgets and does little in the way of enhancing programs and services or soliciting citizen input. Further, several staff members expressed a concern over the inability to obtain a quorum for the board meetings. The board has no current bylaws in place.

**Organization/Staffing**

The library is staffed by 21 employees, nine which are full time. The full-time professional staff consists of the director, two principal librarians and a technical services librarian. There are five full time non-professional staff members. There are eight 15 hour per week part-time non-professional staff, three part-time pages, and one part-time security guard who works 19 hours during the afternoons. Part-time staff who work Saturdays are paid for the extra hours at their regular hourly rate. None of the staff are employed via a contract but all are registered with civil service except for three part-time employees. Based on data contained in the New Jersey Public Library Annual Reports, the staffing complement changed between 1988 and 1996 by 1.9 FTE additional non-professional staff.

**Patronage and Circulation**

From mid-September to mid-June, the library is open six days a week, Monday, Wednesday, and Thursday from 10 a.m. until 8:00 p.m., Tuesday and Friday, 10:00 a.m. until 6:00 p.m. and Saturday 10:00 a.m. until 4:30 p.m. for a total of 52.5 hours per week. The library is closed Saturdays for three months during the summer. There are no Sunday hours at any time during the year.

The library is to be commended for its participation in reciprocal arrangements with other municipalities within Middlesex and Union Counties. The library also provides patrons with the use of a word processor for \$.50 per hour and an additional charge of \$.05 for each page of paper used. In response to the growing trend toward videos and audio tapes, the library has a large selection of both materials. The audio tapes are free to borrow and the videotapes are rented for two days at \$.50.

The library also sponsors several children's programs throughout the year, which are well attended. For the first ten months of 1997, there were nearly 3,000 participants in the children's programs.

While the Hillside Library has an extensive collection of books at 108,349 volumes, the circulation is low in relation to comparable municipalities, and is cause for concern. Total circulation for 1996 was 86,674, which equates to each volume circulating .8 times. The average number of volumes owned for municipalities with similar populations is 86,165 but each volume was circulated 2.2 times annually, or 1.4 times more than Hillside's rate. The average number of volumes owned for municipalities with similar expenditures is 75,469 and each volume was circulated 2.1 times during the year, or 1.3 times more than Hillside's rate. Books are loaned for four weeks and there is a five cent a day late charge for adult books and two cents a day for children's' books. The Library is linked to UCALS, the Union County Automated Library System.

There could be several reasons for the low circulation numbers. During the course of this review, operations of the library were observed at various times. Prior to 2:30 p.m., the team observed patrons browsing the stacks and reading in the reference areas. After the schools close at 2:30 p.m., students flood the library. The students are loud and disruptive and, as a result, there are few people in the library other than staff and the students. Library personnel reported that fights

break out in the library, which have to be broken up by the security guard and police officers. This atmosphere discourages patrons from using the library, particularly during this time period, and could have a direct correlation to the lower circulation rate.

### **Financial**

In 1996-97, the library received \$24,000 in state aid, \$10,400 in fees and fines, and \$3,700 in interest income. State statute requires that municipalities contribute at least 1/3 mill on every dollar of equalized assessed property within the municipality to these types of libraries. In 1996, the township had \$911,969,000 in equalized assessed property, which would generate \$300,860 in required funding. The township, however, contributed \$699,125 in local tax dollars, or 232% of the required statutory contribution. These expenditures equate to \$33.48 per capita in 1996. There is also a Friends of the Library group who perform limited fundraising activities netting about \$1,200 - \$1,500 per year.

The total expenditures for the library have grown precipitously, however, the township's tax base has not grown at a rate to support the growth of the library expenditures. For instance, information provided in New Jersey Public Library Annual Reports indicates that on average, the ratables for municipalities in New Jersey with populations ranging between 20,000 to 24,999 increased 21% between 1988 and 1996. During that same seven-year period, those municipalities' contributions to public libraries increased on average 79% while expenditures for salaries and wages of library staff increased 63%. Hillside ratables during the same period increased a marginal .12%, while the township's contribution to the library increased 85%, or six percent more than municipalities with similar populations. Also, expenditures for salary and wages of Hillside's library staff increased 79%, which is 16% more than comparable municipalities. Although the township's ratable base increased by a much smaller margin than municipalities with similar populations, the increase in library expenditures has far exceeded expenditures of comparable municipalities.

Total calendar year 1996 library expenditures were \$730,482, of which \$565,869 (77%) was for salaries and wages. Comparisons to free public libraries serving similar populations and having similar total expenditures indicate that the average expenditure for salary and wages was 71% and 68% respectively. Specifically, the library director's budgeted salary for 1996-97 was \$77,678 (not including benefits of \$10,539) which is between 127% - 139% of the average salary for directors of similar sized libraries. The 30-hour principal librarian's salary is 206% of the average full time salary of starting professional library employees (plus benefits of \$14,668). The 35-hour principal librarians' salary is 182% of the average salary (plus benefits of \$9,096). In June 1997, a technical services librarian was hired at a beginning salary of \$31,500, between \$1,745 and \$1,817 above the average starting salary. All professional staff salaries exceed the top 75 percentile for comparable libraries. At the same time the expenditures for salaries were increasing, funds spent on materials decreased from \$46,751 to \$41,856, or 11% to 6% of total expenditures, respectively.

## **Recommendations:**

While we believe the library staff is extremely dedicated to serving the public, the salary and wages expenditures are exorbitant as detailed above. We suggest two options for consideration. A plan should be implemented to limit future professional staff salaries to make them consistent with average salaries of professional staff in other municipal libraries serving similar populations (20,000 through 24,999). The township could net an annual savings of \$74,232 (current annual Hillside Library professional staff salaries of \$224,594 minus the total for the same complement of professional staff at the current population group average \$150,362) if salaries were comparable.

**Cost Savings: \$74,232**

All payroll processing should be centralized through the administrative processes already in place by the township. The library should take advantage of the general administrative functions available through the township.

All full time employees should be required to work 35-hour work weeks. Based on FY97 salary and wage information, the township could potentially realize \$10,208 in salary as a productivity enhancement.

**Productivity Enhancement: \$10,208**

We suggest increasing the rental prices of videos to \$1. Additional income generated at the current usage rate would be \$2,647.

**Revenue Enhancement: \$2,647**

Disruptive behavior in the library is discouraging usage and we believe it is impacting upon the circulation rate. In order to get control of the library, the board must first establish and publish rules of behavior. Once the rules have been put into place the library should adopt a zero tolerance policy which mandates that all patrons use the library for its intended purpose and that no disruptive behavior is allowed. To facilitate implementation of this policy, the library should consider purchasing a video recorder, which will record activity in the library during all operational hours. This policy should be clearly posted and there should be consequences for not abiding by the policy, including dismissal from the library. The library staff is also encouraged to work with the Hillside Community Center staff and the school district to create after school programs. As part of the zero tolerance policy, staff should be provided a problem situation manual which outlines staff's responsibility and actions to be taken to maintain order in the library. The video equipment purchase would cost approximately \$600.

**Value Added Expense: \$600**

Hillside Library staff needs to be sensitive to the changing demographics of the community and should be actively pursuing ways of developing community programs to attract the changing population. Obtaining books and materials specializing in areas of need of the

community should be a focus of the library and should be displayed in an accessible/visible space. The staff should pursue the sharing of resources with other neighboring facilities in order to rotate specialized items of interest. In every area of the state there are individuals involved in unique endeavors. These people should be sought out to present programs or display those items which are unique to their endeavors.

As discussed earlier, the township contributes an additional \$399,265, or 132%, above the state-mandated 1/3 mill contribution of \$300,860. Although the township may wish to contribute more than the required amount of funding, the governing body should be aware of all the library's direct funding, expenditures and associated in-kind costs before determining the township's level of annual contribution. In addition to the annual appropriation by the municipality to the library, the municipality pays for many other aspects of the library's operations. Included in the other costs paid by the municipality is the salary of one maintenance staff member, utilities, insurance, postage and building maintenance. As an in-kind contribution, the amount of the other costs paid by the municipality could be included in the total township funding required for the library and could, therefore, reduce the township's actual cash contribution. Approximate annual savings would be \$40,410 (salary and wages of \$6,665 of the maintenance worker, estimated property and casualty insurance \$8,056, electric \$21,237, heat \$2,532 and postage \$1,920).

**Cost Savings: \$40,410**

The board of trustees should become more involved in the operations of the library. The trustees should formulate policy directions, goals and objectives for the library. One of the more important objectives would be to create bylaws which among other things should establish expectations of the municipality for trustee performance, carefully analyze the budgets as presented by staff, and take a proactive role in making the library appealing to the community. As terms expire, the mayor and the township council should make every effort to appoint trustees who are committed to the library purposes and representative of the population. Trustees who do not attend and participate should not be eligible for reappointment.

Several years ago, the library had a trial period during which Sunday hours were offered. It was believed at that time that the usage was not significant and it was too difficult to get staff coverage. In an effort to increase patronage, the library should again try expanding its hours to include Sundays. Further, the library's current practice of closing on Saturdays during the summer should be discontinued. Potential costs would be approximately an additional \$1,000 for Saturdays and \$3,100 for Sundays.

**Value Added Expense: \$4,100**

The current maximum fine charged by the library for adult books is \$1 and \$.50 for children books. The late fees are waived for senior citizens. Library staff indicated that the fines are kept low in an effort to encourage negligent borrowers to return overdue books. A telephone survey of surrounding communities indicates that those maximum late

fines are particularly low. Although the library does not have specific statistical data regarding the length of time books are overdue, library staff assisted in conservatively estimating that about 25%, or 1,500 of the approximately 6,000 annual late notices are for books significantly past due. An increase of the maximum fine to \$5 for all books could potentially net the library \$6,000 annually in addition to the approximately \$6,000 currently collected a year and would also provide an incentive for patrons to return books in a timely manner.

**Revenue Enhancement: \$6,000**

## **RECREATION**

The township has two recreation departments that function independently of each other. Each department has a separate advisory board. There is a Community Recreation Council (CRC) consisting of nine members appointed by the township. This board advises the township and the director of recreation on recreation, education and cultural program matters, for all ages except senior citizens. There is also a Senior Citizen Advisory Council (SCAC) that advises the township and the director of recreation on recreational, educational and cultural programs for senior citizens.

### **Organization and Staffing - Youth**

The youth recreation department's mission is to provide creative leisure activity to the residents of Hillside Township. The department accomplishes its goals through the use of full and part-time, employees supplemented by volunteers. This staff directs the many leagues, and teams, and manages the tournaments that the department organizes and coordinates. There are approximately 107 coaches and assistants, 37 of which were paid a total of \$91,468 in FY97. The recreation director and the clerk are the two full-time employees. The recreation director has, concurrently, been holding two full time positions, one as a teacher in the Newark School System for thirty six years and the second, as the recreation director in Hillside for the past twenty five years. The recreation director is currently receiving a salary of \$47,611, plus longevity of 12% valued at \$5,713 and full health benefits. The total value of this position is calculated to be \$59,244. There is also a part-time recreation assistant and a part time person that occasionally drives a mini-bus for the department. Programs are arranged around the school calendar and a portion of the activities are conducted in school buildings.

Affiliated with the department are independent or quasi-independent recreation organizations such as the All Star Soccer Leagues, Pop Warner Football, Drill Team and some of the summer camp programs. The independents are granted use of the township facilities and mini-van at no charge. Department records indicate that, during fiscal year 1997, the township contributed approximately \$10,000 to the operation of independents through equipment, supply purchases, and transportation expenditures. As a matter of public policy, township recreational programs are only offered to residents, while the independent programs are open to anyone regardless of residence. It is evident that the policy is not being adhered to by the practice of using township funds, and equipment to subsidize the independent leagues and maintain the facilities that are being used with no fee being charged.

During the review, the team noted two recurring complaints:

- 1) *Non residence participation in township programs.* Department personnel, however, indicated that residency was regularly verified.
- 2) *Misuse of the facilities.* Both township sponsored participants and independents use the same facilities.

### **Recommendation:**

**Existing policies regarding who is eligible to participate, established by the governing body, should be adhered to.**

### **Organization and Staffing - Seniors**

The senior center was established in 1976 as a nutrition program for the seniors of Hillside Township, and has since grown into the program that exists today. A senior citizens advisory council of ten public members that were appointed by the governing body guides the senior citizen program. The council, which meets once a month, advises the township administration and director of recreation on the establishment and conduct of senior citizens programs in the township.

The program has a staff of four employees with an additional eight staff members that work through the Community Development Block Grant Program and the county's Workforce 55+ program. There are two full-time employees and ten part-time employees and volunteers. The director of the program is titled supervisor senior citizens. There is also a full-time clerk and two part-time mini-bus drivers.

Union County Catholic Community Services has a Retired and Seniors Volunteer Program (RSVP) that provides the center with volunteers each month. At the beginning of the fiscal year, the center had up to seven volunteers for the month who logged a total of 202 hours. On average, volunteers work approximately 29 hours each month at the center. The volunteers are used for some clerical work, the lunch-time nutrition program, helping the elderly to fill-out applications, and reading to school children.

Current programming is relatively static, pending the appointment of a new advisory council. Consequently, there have not been any formal plans made for the new fiscal year. The director would like to create more programs that are more intergenerational. The team fully supports this concept. The center has been involved with programs in cooperation with the local school system that have allowed them to assist with certain projects.

In summary the township has two active recreation departments that provide a variety of activities for residents of all ages. There are two full-time paid directors and three offices. Although paid a full-time salary, the senior director only works half the day with the seniors and the other half of this person's time is spent in the welfare department, which the team has recommended be

transferred to Union County. The full time youth director has a second full-time job outside of the township and works at Hillside in the afternoons and evenings. The youth director's contract does not specify the hours of work and the township is not using any formal means of recording his time spent at work. The fragmentation of recreation in Hillside creates a duplication of administrative effort and a reduction in productivity.

### **Recommendation:**

**Serious consideration should be given to the consolidation of the community recreation department and the senior citizen center into one department. It is believed that a reorganization of this type could accomplish the mission of both departments and do it in a more efficient manner. Direct cost savings would be achieved through the elimination of one full-time director and one clerical person. The center of youth recreational activity is the Buie Community Center. It stands therefore that the recreation office should be re-located from Township Hall to this site. This would also provide the township with greater direct supervision of the center and what goes on there as well as provide additional space in Township Hall. The one, full time, director would be on-site to exercise a better degree of command and control as well as address and react to all situations as they are occurring. The potential savings associated with this consolidation in salaries and benefits would be approximately \$65,000.**

**Cost Savings: \$65,000**

**The senior center utilizes volunteers to help with clerical work. They also employ a full-time clerk typist. LGBR team commends the use of volunteer staff where possible. However, Hillside negates the benefit by hiring a second clerical person for the center. In eliminating one clerical position, the township has the potential of saving \$35,000 in salary and benefit expenses.**

**Cost Savings: \$35,000**

### **Facilities - Youth**

Youth recreation currently operates out of an office in the municipal building that is open from 8:30 a.m. to 4:00 p.m. but is closed during the lunch hour. There is another youth recreation office in the community center which has afternoon and evening hours. Additionally many of the local playgrounds are used for recreational activities. In this regard during FY97 the Community Recreation Commission filed 21 Inter-local applications for use of school facilities. The community also maintains an open playground and gym policy where the youngsters, elementary teens and young adults are encouraged in creative free play.

### **Facilities - Seniors**

The bulk of senior activities are housed in a single story building located at Hollywood and Long Streets. This facility is solely used by the senior citizen department, Monday through Friday from 9:00 a.m. to 5:00 p.m. The building is normally closed in the evening and on weekends. The Department of Public Works provides a maintenance person that cleans the building in the afternoon.



## **Vehicles**

The youth program utilizes one of the township's two mini-vans to transport staff and participants to and from the various activities. Maintenance for this vehicle is provided by the Department of Public Works (DPW). The senior program makes use of the township's other mini-van to shuttle seniors to and from the senior center as well as to recreational trips. Maintenance for this vehicle is also provided by the DPW.

## **Programs - Youth**

The township coordinates over thirty different programs for children and adults. Most of the activities revolve around the William H. Buie Community Center. The activities held at the center for a one year period range from aerobics and exercise classes to boxing and soccer.

*Fees:* The review of the youth recreation records indicated that the director collected approximately \$12,000 in fees during the 1997 fiscal year. Requests for a copy of the written department policy on fees yielded a negative result. A request was made for copies of township ordinances that empowered the community to collect recreation fees, however, none could be located and the team was advised that no township authorization existed.

Notwithstanding the above, the director indicated that he has been collecting fees for four of the township-sponsored recreational activities. In some instances, at the discretion of the recreation director, fees were waived for the children of volunteers or for certain hardship cases. The team requested the number, and amount of fee waivers and was supplied with an estimate of 101. A copy of a written policy regarding fee waivers could not be produced. Revenue from fee collection was held in a recreation checking account with the knowledge and approval of the township's CFO. This account did not appear on any list of authorized bank accounts, including the township audits, (repeated calls to the township auditors yielded no response), yet the account in question was deemed to be a township account. The authorized signatories on the account were the recreation director or the CFO. During the year the department utilized this account to make purchases as needed without utilizing the normal, and required, purchase/encumbrance procedure.

## **Recommendation:**

**The township should establish a comprehensive fee schedule and adopt it by ordinance. Should any waivers be included in the fee schedule the mechanism to be utilized should be specified in the form of a written policy.**

**All fees collected should be turned over to the township treasurer and deposited within the time specified by regulation.**

**Revenue Enhancement: \$12,000**

**All purchases made by this department, including those made for the private leagues mentioned earlier, should be approved by the appropriate authority and the correct purchasing procedure utilized.**

**All township bank accounts should be under the control of the finance department.**

During the review, the team became aware of a practice in the township of allowing private individuals, and/or private organizations to utilize township facilities for the conduct of “camps” or other similar activities throughout the year. Fees were charged to the participants, however, the township did not receive any portion of the amounts charged. At least one private organization used the Buie Community Center as its address on a promotional flyer obtained by the team.

**Recommendation:**

**While it is not the team’s intent to inhibit the positive cooperative arrangements that exist, we suggest that the township attorney be requested to review statutory rules and regulations regarding the private use of public facilities and services. We believe that formal agreements should be developed between the agencies and the township to ensure documentation and implementation of the public benefit derived from such agreements. In addition, agencies should be required to provide evidence of adequate insurance for their activities which names the township as “additional insured.”**

*Revenues/Expenditure:* During FY97 the youth recreation expended \$181,439 in salaries and \$40,121 in other expenses for a total of approximately \$261,819. The department utilized \$29,600 from the Community Development Block Grant (CDBG) Program. The approximately \$12,000 collected in program fees by the recreation director is not reflected as income or expense since it was not recorded by the township.

Expenditures associated with youth recreation during FY97 were as follows:

<b>FY97 Youth Expenditures</b>	
Salary and Wages	\$181,439
Fringe Benefits	40,259
Operating Expenses	40,121
Sub-Total	\$261,819
Less CDBG Subsidy	(29,600)
Net Township Expenditures	\$232,219

This equates to approximately nine cents of the local purpose property tax, before the CDBG subsidy, and approximately eight cents after using it.

**Programs - Seniors**

Hillside Seniors offer assistance for services and programs, such as, the Pharmaceutical Assistance Program, Home Energy Assistance Program, Lifeline (Utility Assistance Program), Homestead Rebate, Property Tax Deduction, Lawyer-Physician-Dental Referral Program, Employment Opportunities, Title V Job Opportunities, Counseling/Services Coordination, Outreach, Intergenerational Projects, Notary Public Services, Senior Citizen Identification Cards Services, Volunteer Opportunities: Retired Senior Volunteer Program, Telephone Reassurance, Nursing

Home Projects, Nutrition Program Volunteer, Mini-Bus Transportation, Nutrition Program, Health Maintenance, Senior Citizen Tax-Aide, Union County College Learning Is For Ever (LIFE) Center Senior Citizens Studies Classes, Counseling on Health Insurance for Medicare Enrollees, Trips, Painting on China, Painting in Fabrics, Ceramics, Art Workshop, Sewing Class, Senior Citizen Handy Program. These programs are non-fee based with the exception of the trips which are paid for by the seniors themselves. On average, the center has 30 plus members that participate in its activities each day.

Revenues/Expenditure: During the year, advertisers wishing to make public service announcements send posters to the center with a small monetary donation, called the Senior Network. This money is collected in the Senior Trust Fund along with other donations to the center. There was no donations for the 1997 fiscal year.. Another source of revenue for the Senior Center is CDBG dollars. In FY97 the center received approximately \$11,450 from the CDBG program. The center predominantly uses these funds for additional salaries for the center.

Expenditures associated with the senior center during Fiscal year 1997 were as follows:

<b>FY97 Senior Center Expenditures</b>	
Salary and Wages	\$105,016
Fringes Benefits	21,000
Operating Expense	3,200
Sub-Total	\$129,216
Less CDBG Subsidy	(11,450)
Net Township Expenditure	\$117,766

This equates to approximately four and half cents of the local purpose tax rate before the CDBG subsidy and approximately four cents after.

Both directors were asked about alternate potential sources of revenue, other than property tax, that might be available to offset their departmental expenditures. One department head reported that they do not seek out other potential sources of revenue because donations must be turned over to the township rather than kept in the department. The other department head indicated his desire not to jeopardize revenue sources currently donating to independent leagues. Consequently, no corporate, or private solicitation of any kind is attempted to assist in the reduction of township costs.

#### **Recommendation:**

**LGBR team recommends that the township attempt to solicit corporate sponsors and scholarships for its recreation program(s).**

**It is also recommended that the township's independent leagues pay fees for the use of township property. It should be pointed out that the cost of maintaining the township's recreational facilities is substantial and, in the case of the independent leagues, some participants are not township residents. A policy and fee for the use of township facilities by private individuals and organizations for profit should be given serious consideration**

**Lastly, as mentioned earlier, the township must establish a formal , written recreation fee policy. A written policy governing fee collection should also be drafted. Fees that are collected should be deposited in and made a part of the township's general fund. Due to the unavailability of records, it is impossible to say what the township's loss of revenues from the lack of appropriate fees has been.**

## **LOCAL GOVERNMENT BUDGET REVIEW**

James A. DiEleuterio, Jr., State Treasurer  
Louis C. Goetting, Deputy State Treasurer  
David Mortimer, Assistant State Treasurer  
Meredith L. Stengel, Director, Local Government Budget Review  
Wayne A. Cochrane, Deputy Director, Local Government Budget Review

### **Hillside Township Review Team**

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